FT

FINANCIAL TIMES

JANUARY 10 / JANUARY 11 1998

FT Weekend

Welfare to what?

'This ain't fair... They should pay us more money for doing this work and give us a job'

Page I

Café philosophy

'The movement's organisation is as minimal as you can get: find a café and see who turns up'

Page III

http://www.FT.com

FT Weekend

Skyscraper heels

'You can't expect a woman to hobble around on ill-fitting 4in heels with just a couple of vermicelli straps'

Page XIII

The first kings

'Uruguay's fanatical football supporters must resign themselves to missing the party in France'

Page XVIII

Peregrine recovery plan folds

Troubled Hong Kong bank forced to seek alternatives to $200m Zurich injection

By John Ridding and Louise Lucas in Hong Kong and William Lewis in New York

Peregrine, one of Asia's largest independent investment banks, last night faced the threat of collapse after it failed to secure a $200m capital injection from Zurich Group, the Swiss financial services company.

The failure of the Hong Kong-based bank would deal a further blow to confidence in the territory, already shaken by the region's financial turmoil. The stock market has fallen 17 per cent since the beginning of the year, as money market interest rates have risen sharply amid fears for the territory's currency peg to the US dollar.

Announcing the termination of negotiations yesterday, Philip Tose, Peregrine's chairman, said the company was considering alternatives. But the proposed share sale represented the centrepiece of a recovery plan at Peregrine, which has been hit hard by the Asian crisis. Investment analysts played down the prospects for a white knight, given the abrupt end to discussions with Zurich Centre Investments, the private equity arm of the Zurich Group.

ZCI said yesterday that "in view of the deteriorating market conditions in Asia" its agreement with Peregrine "could not be concluded as anticipated". It said that "under the revised terms an agreement could not be reached". ZCI declined to comment further. However, sources close to the deal said its decision to pull out would be likely to put off other potential investors from pressing ahead with negotiations with Peregrine.

"A number of parties were interested in looking at taking small stakes in Peregrine on the back of Zurich's investment, but they seem unlikely to go ahead now," one said.

First Chicago, which announced in December it had agreed to take a $25m stake in Peregrine, said yesterday: "We have not made the investment yet." It declined to comment further, but sources close to the bank indicated it was now likely to pull out of the deal. "If the $200m part is not going to happen, what chance is there of the $25m part going ahead?" one said.

While attempts were being made last night to secure funds for Peregrine, a spokesman denied reports that the company faced insolvency. "I understand we are funded and will continue to operate our businesses," the official said.

Its business activities, however, are to be severely limited by the territory's authorities. The Securities and Futures Commission, the securities industry watchdog, said it was imposing restrictions on Peregrine to protect the investing public.

The restrictions, which take immediate effect, mean the company can settle trades but not take new orders. The territory's futures exchange also announced curbs, while the bank was suspended as a member of the Stock Exchange.

The ZCI plan ran into trouble this week when reports emerged that Peregrine was owed about $200m by an Indonesian transport company.

When the Zurich deal was first announced, Peregrine shares traded at about HK$6.80, sharply down from their record high of HK$18.90 last year. Shares were suspended this week at HK$4.30.

Lex, Page 24

US set to press Indonesia to speed up economic reforms

By Gerard Baker in Washington and Sander Thoenes in Jakarta

Senior US and International Monetary Fund officials arrive in Jakarta this weekend to press President Suharto to speed up economic reforms, underscoring growing fears of economic collapse and political upheaval in Indonesia.

Lawrence Summers, deputy US Treasury secretary, is expected to arrive tomorrow for talks with Mr Suharto's government. US officials said. Mr Summers will listen to the concerns of the Indonesian authorities but will again say Jakarta must demonstrate its determination to comply with the IMF programme agreed three months ago.

"What is key is restoring the market's confidence in Indonesia's ability to take appropriate measures," said Janet Yellen, the chairman of President Bill Clinton's Council of Economic Advisers, yesterday. In a clear sign of the growing disquiet in the US administration about the risk of political instability in the country, the US delegation will include officials from the National Security Council and the State Department.

They will be followed next week by William Cohen, defence secretary, who will make a long-scheduled visit for talks with Mr Suharto and senior members of his government.

Stanley Fischer, the first deputy managing director of the IMF, will also arrive at the weekend and will be followed next week by Michel Camdessus, the IMF managing director.

The US activity comes after President Clinton telephoned Mr Suharto late on Thursday. "The president underscored the importance of Indonesia within the region and to the United States," a senior administration official said. "The president made it quite clear that the IMF programme needs to be followed."

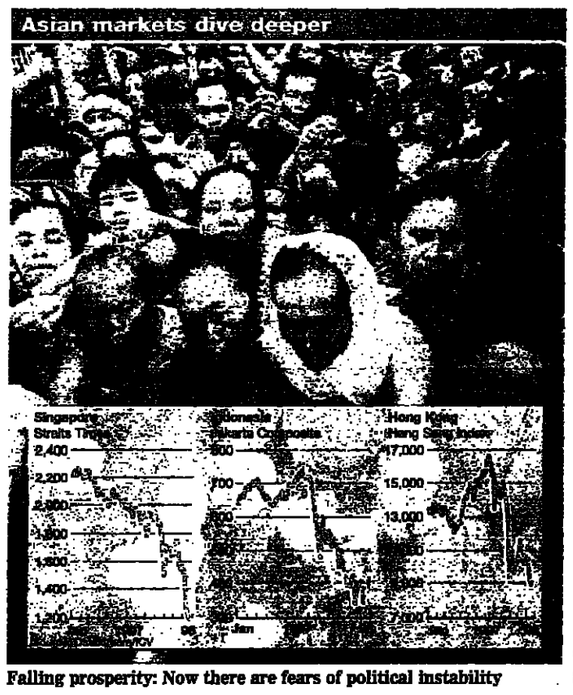
Mr Suharto, through his state secretary Murdiono, responded to Mr Clinton's call by reiterating his commitment to the IMF reform package but failed to make any detailed promises.

The Indonesian rupiah rallied after its sharp fall on Thursday through the 10,000 to the dollar level. But after rebounding to Rp7,600, the currency fell back to Rp8,950. The Jakarta stock index dropped 1.2 per cent, for a 17 per cent decline on the week.

In Hong Kong, the Hang Seng index fell 3.9 per cent yesterday and there were sharp falls in regional markets such as Singapore, which dropped 7.4 per cent and the Philippines, which fell by 8.3 per cent.

Peter Montagnon, Page 3
Suharto's critics, Page 7
Currencies, Page 9
World stocks, Page 21

Asian markets dive deeper



Falling prosperity: Now there are fears of political instability

Italian business takes control

Communist newspaper turns a page

By James Blitz in Rome

Once it was one of the most powerful titles in Italian journalism, the mouthpiece of the country's mighty Communist party, the PCI.

This week, however, the history of l'Unità – the daily newspaper founded by Antonio Gramsci, the father of Italian socialism – reached a watershed with the announcement that the PCI's heirs are selling it to the private sector.

For much of this century, l'Unità has been synonymous with Italy's communist movement. Founded as fascism was taking hold on Italy in 1924, l'Unità started life as a propaganda broadsheet for Gramsci's revolutionary socialist party.

During the war the paper went underground, its smudgy banner headlines rallying Italian resistance against Mussolini and Hitler.

During the post war period – as the PCI and its most famous postwar leader Palmiro Togliatti finally got their hands on a few of Italy's levers of power – it reached its zenith, often selling millions of copies a day.

Communist lads would go on to the streets of Italian cities on Sunday mornings to sell it without pay.

Ambitious communist officials competed for the paper's editorship, a stepping stone to the PCI leadership.

L'Unità festivals – jamborees of food and music – were, and still are, occasions for huge get-togethers of people of all political persuasions.

Then the trouble started. In the 1980s came La Reppublica, a jazzier left-of-centre rival that seduced thousands of readers. With the collapse of the PCI in the early 1990s, L'Unità was taken over by the communist core that formed the moderate Party of the Democratic Left (PDS), now in power.

Thousands of traditionalist readers deserted l'Unità after the formation of the extreme left wing Refounded Communism, the curse of the current administration. This week, the PDS announced news that would probably make Gramsci turn in his grave.

It is reducing its stake in the paper from 100 per cent to just 25 per cent. The remaining 75 per cent will go to two business organisations, Tosinvest and Asset, both with strong publishing interests.

The paper has much to do if it is to relaunch. The circulation was 400,000 just two years ago and slumped below 100,000 last year. The paper lost L40bn ($22m) during 1997. After years in which it has been a dull read, many assume it will have to become a bit more risqué.

Yet Giuseppe Caldarola, the paper's editor, has seen most of his rivals going down that road. He wants to make l'Unità a more sober read.

"Our only course is to be a more authoritative paper, toning down the headlines, reducing the number of pictures and looking authoritative," he said.

It is a gamble. But it would be ironic if, at the very moment that Gramsci's heirs are running the government, his beloved broadsheet did not share the glory.

Contents

9 770174 736166 02

Albania LEK300 Austria Sch37 Bahrain Din1.300; Bermuda $2.00 Belgium BFr60 Canada C$2.00; China RMB20.50 CIS US$4.00 Croatia Kn16.00; Cyprus C£1.35 Czech Rep Kč65 Denmark DKr21.00; Egypt E£3.50 Estonia EK24.00 Finland Fmk18.00; France FR12.50 Germany DM4.20 Gibraltar £0.75; Greece Dr450 Hong Kong HK$20 Hungary Ft340; Iceland IKr265 India Rup75 Indonesia Rp5,000; Israel NIS9.00 Italy L3400 Japan Y600 Jordan JD1.75; Kazakhstan US$4.50 Korea Won 3000 Kuwait Fils.750; Lebanon LL3,500 Lithuania Litas21.00 Luxembourg LFr60 Macedonia DEN120.00 Malaysia Rm5.50; Malta Lm0.70 Morocco Dh16.00 Nigeria Naira125.00 Netherlands Fl5.00 Norway Nkr23.00 Oman OR1.75; Pakistan Rs50 Philippines Pso 60 Poland Zl 7.50 Portugal (mainland) Esc280 Qatar QR13.00; S.Arabia Rs15.00 Singapore S$4.30 Slovak Rep Sk100 South Africa R13.88 Spain Pta275 Sri Lanka Rup30; Sweden SKr22.00 Switzerland SFr3.80; Taiwan NT$6; Thailand Bht80; Tunisia Din2.000 Turkey L200,000 UAE Dh3.00; USA $1.50; Ukraine USD 4.50; Fr Yugoslavia YUD16.00

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Joblessness in France and Germany: **FT writers** look at the political backlash

Kohl retreats from goal of halving unemployment

By Ralph Atkins in Bonn

Chancellor Helmut Kohl yesterday retreated from his goal of halving Germany's unemployment by the year 2000 after seasonally adjusted joblessness jumped 20,000 to a post-war record of 4.55m for December.

Mr Kohl's climbdown, at the start of a two-day planning session to prepare his Christian Democrats for federal elections on September 27, highlighted the scale of the task if he is to win re-election for a record fifth term. Opinion polls suggest he will be unable to re-form his centre-right coalition.

Mr Kohl said it was clear the goal of halving unemployment by 2000 – set two years ago – "is certainly not achievable" but he remained fixed on "finding jobs and a livelihood for as many unemployed as possible". The current level was "absolutely not satisfactory".

The latest figures confounded hopes that unemployment in Germany had reached a turning point. Mr Kohl predicted a slight fall during this year. But fears remain the total will rise further, despite an expected pick-up in economic growth in 1998, as German industry continues to rationalise operations and switch production overseas.

The unadjusted figures – which receive more attention in Germany than the seasonally adjusted figures – jumped 200,000 in December to a record for the month of 4.52m and could yet reach 5m.

On a seasonally adjusted basis, a November fall in unemployment in western Germany was reversed last month, with the total reaching 3.06m, or 9.9 per cent of the workforce. In eastern Germany – hit particularly hard by serious weaknesses in the building industry – unemployment growth accelerated, rising 17,000 in December to 1.49m or 19.8 per cent of the workforce.

Mr Kohl reiterated his commitment to the existing Bonn coalition, comprising his Christian Democratic Union, the Bavarian Christian Social Union and the market-oriented Free Democratic party. He explicitly set himself against a possible "grand coalition" of Christian Democrats and Social Democrats, which has looked increasingly likely after the contest.

Mixed response to Jospin initiative on jobless

Lionel Jospin, the French prime minister, yesterday announced a FFr1bn ($165m) emergency fund to help the unemployed, in an attempt to end a three-week-old protest that has rocked his government, David Owen writes from Paris.

But it appeared last night that his personal intervention, in a characteristically measured manner, had been only partly successful in calming the situation.

While trade union leaders – including Louis Viannet of the pro-Communist CGT – responded mainly positively to the prime minister's proposals, four of the main unemployed associations rejected them as insufficient, calling for the occupation of welfare offices and other sites to continue.

Meanwhile, Jacques Chirac, the Gaullist president, hit out for the second time this week at the government's employment policies. He told a group of bakers and confectioners that France should do more to help small and medium-sized companies to grow, rather than creating what he called "artificial jobs".

Reaction on the ground to Mr Jospin's initiative was also mixed. Disruption to trains was reported in Tarbes, southern France. By yesterday evening, 18 welfare offices were reported to be occupied, down from 26 on Thursday.

Mr Jospin also said temporary units set up in recent weeks to deal with particularly difficult cases would be made permanent.

He also ordered a study of "the financial resources of those who are in the most difficulty" and announced that the government would present its keenly awaited bill to combat social exclusion in March, marginally earlier than expected.

"Faced with the anguish that is speaking out, we must at the same time find immediate responses and open roads of hope," he said, adopting for the most part a sympathetic tone. But he also emphasised his responsibility for ensuring that welfare offices and other public establishments could function normally.

Mr Viannet of the CGT, which has been prominent in many of the recent protests, said there was "a great deal that is positive" in Mr Jospin's initiative. The emergency fund, he added, was a good thing. Force Ouvrière, another leading union, said the decision to set up the fund was "a sensitive gesture of national solidarity".

Robert Hue, national secretary of the French Communist party, a junior partner in the ruling leftwing coalition, described yesterday's announcement as "a first step", but warned: "An immense construction site still has to be opened."

But Bruno Mégret, a leading figure in the far-right National Front, which has been among the chief beneficiaries of disillusionment with the mainstream political parties, caused partly by France's 12.4 per cent unemployment rate, called Mr Jospin's measures derisory.

Brussels edges into telecoms dispute

By Lionel Barber in Brussels

The European Commission has intervened in the row over fees which Deutsche Telekom plans to charge customers switching to rival telephone companies.

Karel Van Miert, EU competition policy commissioner, has sent a letter seeking information about the proposed levy. He intends to ask other European telecoms operators whether they are imposing extra fees in the newly liberalised EU market.

However, Mr Van Miert made clear yesterday that he would prefer the row over Deutsche Telekom's fees to be settled by the German authorities: the new government regulator for telecoms and post and the German cartel office.

A spokesman for Mr Van Miert said in Brussels that normally such extra fees were unacceptable, but added: "If they [the German authorities] find a decent solution, which must be in line [with EU competition law], we will welcome that."

The Commission has not received any official complaints about the fees, which range between DM94.99 ($52) for customers contracting to use the services of another carrier, and DM53 for those wanting to retain their existing phone number.

Mr Van Miert is treading carefully because of German sensitivities.

In recent months, the Brussels competition authorities have been involved in tests of strength with the Bonn government over state-backed guarantees enjoyed by Germany's public sectors and state aid cases.

Deutsche Telekom put the planned fees on hold this week following criticism by rival companies. Ron Sommer, chief executive, said his company had hoped to share the switching costs with competitors but the rivals had insisted that charges be imposed on customers.

A meeting is scheduled for Monday between companies in the sector and the German telecoms regulator, which started operating on January 1 1998 in place of the ministry of post and telecommunications.

Last week, Klaus-Dieter Scheurle, head of the regulatory authority, said he would investigate the charges. He indicated that they appeared excessive compared to the US's equivalent charge of $5.

Cinq Centimes

L'AURORE

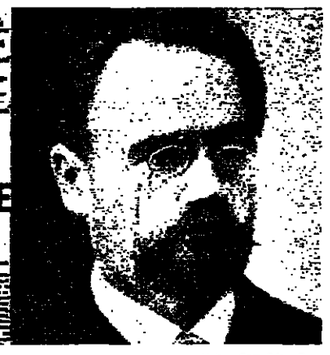
Littéraire, Artistique, Sociale

J'Accuse...!

LETTRE AU PRÉSIDENT DE LA RÉPUBLIQUE

Par ÉMILE ZOLA

LETTRE A M. FÉLIX FAURE



Dreyfus (left) and Zola: a century on, the affair still resonates

Hulton-Getty/Mary Evans

Belated pat on the back for Zola

France finds it hard to say sorry for Dreyfus affair. **David Owen** accuses

Next Tuesday in the Panthéon, the final resting place for France's republican heroes, an event will take place to gladden every campaigning journalist's heart.

Lionel Jospin, the French prime minister, will attend a ceremony marking the centenary of a mere newspaper article. President Jacques Chirac is also getting in on the act, writing to the families of the journalist and the prisoner whose cause he memorably defended to tell them that their forebears gave "full meaning to the values of liberty, dignity and justice".

The journalist was Emile Zola and the article was his open letter to Félix Faure, then French president, that has become the yardstick against which more recent attempts to expose injustice are measured. It is usually known by the headline the newspaper L'Aurore splashed across the front page of its January 13, 1898 edition: "J'Accuse...!"

The injustice targeted by Zola, also the author of unflinchingly realist novels such as *Nana* and *Germinal*, was the wrongful conviction for spying of Alfred Dreyfus, a Jewish army captain, and the subsequent cover-up once his innocence had been established. His article marked the start of the process that brought Dreyfus back from incarceration on Devil's Island and led eventually to his rehabilitation.

There are all sorts of reasons, apart from the quality of the writing, why Zola's polemic, and the affair that spawned it, still resonate.

Most obvious, at a time when the former government official Maurice Papon is on trial in Bordeaux for alleged war crimes and when France is still trying to come to terms with the second world war role of its collaborationist Vichy government, is the anti-semitism the Dreyfus affair exposed at the top of French society.

Mr Chirac made this link explicit in this week's letter, writing: "Half a century after Vichy, we know that dark forces, intolerance and injustice can reach the pinnacle of the state."

With Jean-Marie Le Pen's extreme-right National Front on the threshold of a potentially significant breakthrough in the forthcoming regional elections in mid-March, such reminders seem as pertinent as ever – and may also coincide with the electoral interests of the Gaullist president's Rassemblement party.

The chain of events triggered by Zola's magnificent diatribe also shows the truth of the writer's assertion that "truth is on the march and nothing will stop it". In his letter, Mr Chirac goes on to say: "We also know that France knows how to get back on the right track, in moments of truth, great, strong, united and vigilant."

But the affair also highlights the difficulty of getting the state apparatus of a proud and successful nation such as France to say sorry or to admit that it is wrong.

The country's civil service elite are frequently criticised for smugness and the perceived ineffectiveness of their strategies.

It was also only in 1995 that a French head of state – Mr Chirac – fully acknowledged France's role in the deportation of Jews to Nazi concentration camps.

The immediate upshot of Zola's article was that the writer was found guilty of libel and fled the country to take refuge for about a year with the ghastly food of Victorian England.

More than a year after the article's publication, Dreyfus was brought back from his squalid hut off the malaria-riddled penal colony of French Guiana for a new trial. This began in Rennes, western France, in August 1899. But he was again found guilty, albeit with extenuating circumstances.

A presidential pardon followed, but it was not until 1906 that the unfortunate officer was completely rehabilitated. Perhaps France will also honour the centenary of that event with a Panthéon ceremony.

Asian crisis fails to dent rise in US jobs

By Gerard Baker in Washington

The US economy continued to produce jobs at a frenetic pace last month, as robust domestic demand outweighed emerging concerns about the effects of the Asian financial crisis.

Non-farm payrolls increased by 370,000 in December, the Labour Department reported yesterday, taking jobs growth in 1997 as a whole to 3.2m.

Financial markets were unnerved by the report, which once again suggested the US economy is growing at a rate unlikely to be sustainable with low and stable inflation. At 2pm, the Dow Jones Industrial Average had fallen 156 points to 7,646. But bond prices were slightly higher in the face of the continuing turmoil in Asia.

Most economists believe that, in spite of the obvious strength of domestic demand at the end of 1997, the Federal Reserve is highly unlikely to raise interest rates soon to head off inflationary pressures. In the last week the Fed has signalled it will not raise rates soon, at least until the effects of the Asian crisis become clearer.

A week ago, Alan Greenspan, the Fed chairman, talked at length about the risks of deflation to the economy, and on Thursday, another Fed governor, Laurence Meyer, suggested the central bank was more convinced than it had been that the Asian slowdown would squeeze growth this year.

The unemployment rate rose slightly last month to 4.7 per cent, from 4.6 per cent in November, but overall the picture was of an economy enjoying its strongest labour market in a generation.

Monthly jobs growth has now averaged over 340,000 for the last four months, substantially higher than the rate achieved in the first half of the year. This rapid growth in the last few months has begun to fuel an acceleration in wage increases. In the year to November, annual average wage gains reached a seven-year high of 4.1 per cent.

'Remuneration' for Bhutto's husband

By John Mason, Law Courts Correspondent

A leading European defence manufacturer agreed to pay $200m in personal "remuneration" to Asif Ali Zardari, the husband of former Pakistan prime minister Benazir Bhutto, and a business partner of his, as part of a $4bn defence contract arranged in 1995, according to documents obtained by the New York Times newspaper.

The documents allegedly show that, although the deal eventually fell through when Ms Bhutto was removed from power in 1996, the defence company agreed to pay the two men commissions totalling 5 per cent of the contract's value.

The commissions, which were never handed over, were due to be paid into an offshore company controlled by Mr Zardari, the newspaper claims. The company involved was yesterday making no comment about the allegations.

The claims are made in documents provided to Pakistani anti-corruption investigators probing the financial affairs of Ms Bhutto and her husband.

The newspaper said the documents include statements relating to bank accounts in Geneva and Dubai, letters containing details of "commissions" to be paid and certificates concerning offshore companies operated by the Bhutto family.

The newspaper also claims that Mr Zardari is the owner of a £4m ($6.5m) country estate in southern England called Rockwood, despite his previous denials of this.

In an interview with Ms Bhutto at her home in Karachi, the former prime minister denied knowing anything about the property and suggested that her husband might have bought it for another woman.

The documents also contain details of the alleged involvement in two Swiss companies, Société Général de Surveillance and Cotechna Inspection, which have previously been named in corruption allegations concerning Ms Bhutto.

Unclear outlook for new HDTV

High definition television, the digital update of the box, was formally switched on this week for US electronics retailers eager to embrace the Next Big Thing in home entertainment.

A dozen leading set manufacturers unveiled their first production models at the annual Winter Consumer Electronics Show – almost 16 years to the day after the compact disc player, the Last Big Thing in the business, made its Las Vegas bow.

Visitors cooed at pin-sharp wide-screen pictures beamed in from an obliging local broadcaster, and mused uncertainly on how many consumers would be ready to pay $8,000 and more for the top-end sets on display when they went on sale in September.

The fact that only 40 per cent of US consumers have even heard of digital television (DTV) was also taken as a further hint the new technology could be a hard sell.

Ignorance and price apart, the launch is being hampered by awkward planners in Los Angeles, New York and elsewhere who object to the old-fangled broadcasting towers necessary to beam out the new technology.

Then there is the question of what the viewers will view, since only 26 of the nation's 1,600 TV stations have said they will be broadcasting in bits by the year's end – and then only during prime time.

But there was an answer on offer for every question. The Federal Communications Commission, which cajoled often reluctant broadcasters and set-makers into embracing the digital future, has set deadlines for the staged phase-out of the old analogue system.

By next year half of US homes will be in range of the new signals, senior commissioner Susan Ness told the DTV in the Desert symposium.

The FCC had played its part, she said. The broadcasters had given up their ideas of splitting the new bandwith to transmit several lower-quality channels instead of one digitally perfect signal, and now the set-makers had done their stuff.

It remained for the retailers to educate shoppers, and for set makers to offer consumer-friendly prices, but still, DTV would this year reach critical mass and become a commercial reality, she said.

Regulatory statutes have guaranteed digital television a market, but as Ms Ness pointed out, the rate at which it grows into profit depends in turn on fast-track education to speed sales. "The more sets there are out there, the more programming will be transmitted," she said.

According to Todd Thibodeaux, a senior economist at the Consumer Electronics Manufacturers Association, prices of less than $4,000 for standard DTV sets, with smaller screens than those shown this week, were already friendly enough to help the launch.

Mr Thibodeaux expected DTV sets to penetrate 30 per cent of the market by 2006, 55 per cent in 2010 and 75 per cent in 2012.

US viewers already owned about 16m TV sets costing more than $2,000, and if historical trends persisted, about 9m of those would be coming up for renewal next year. Then there were an estimated 30m Americans who could be counted as "early adopters" – those who spend an average $1,750 a year on new home entertainment to be first on the block with the latest gadget.

Christopher Parkes

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NEWS DIGEST

Russian defence budget curbs

Russia's defence ministry, which has for years exercised almost complete freedom over how to spend its budget, will be brought under far stricter financial control, Alexei Kudrin, first deputy finance minister, said yesterday.

Mr Kudrin, one of the chief ministers responsible for putting Russia's public finances in order, said the ministry's accounts would be transferred to the federal treasury by July 1 according to a forthcoming presidential decree. The move, which would represent a significant victory for the government's reform wing, should help soldiers to be paid in full and on time, Mr Kudrin said.

The squeeze on the defence ministry is part of a package of measures drawn up by the Russian government to strengthen its public finances. The programme was this week backed by the International Monetary Fund, which agreed to release the latest $670m tranche of its $10bn support loan, previously suspended because of Russia's poor record of revenue collection.

Victor Chernomyrdin, prime minister, forecast the economy would grow by 2 per cent this year. Preliminary estimates suggest it grew by 0.4 per cent in 1997, the first rise since 1989.

John Thornhill, Moscow

■ BASQUE TERRORISM

Bomb kills councillor

Spain's ruling Popular party (PP) again became the target of Basque terrorists yesterday when a local councillor died as a result of a car bomb which blew off one of his arms and a leg.

José Ignacio Iruretagoyena was the third PP member of a Basque local council killed in the last six months. Officials immediately blamed the separatist organisation Eta for the attack, which took place in the seaside town of Zarauz, near San Sebastián.

"We have become a direct target of these murderers," the party's regional president, Carlos Iturgaiz, said.

The PP's leader in the San Sebastián area was shot dead three years ago. Last July, the murder of a kidnapped local councillor, Miguel Angel Blanco, provoked mass public protests throughout Spain and the Basque region. But Eta has persisted in targeting PP members, shooting another councillor in a bar last month. The shootings have led to increased security protection for elected representatives in the region.

David White, Madrid

■ HONG KONG

Banks raise prime rates

Hong Kong banks yesterday raised their prime lending rate from 9.5 per cent to 10.25 per cent, following sharp rises in money market interest rates and concerns about the regional financial crisis.

The stock market fell by almost 4 per cent in anticipation of the rate rises, which were announced after the close of trading. The fall in the benchmark Hang Seng index took its decline this year to about 17 per cent.

Though the rise had been anticipated, economists said it underlined the impact of Asia's currency crisis. "It shows that the markets will not be stable in Hong Kong until the regional crisis settles down," said Dong Tao, senior economist at Schroders Securities. He expects prime rates to rise to 11 per cent this year and the growth in gross domestic product to fall to 2.7 per cent, compared with 5 per cent in 1997.

While the rise in prime rates will hit the economy, and particularly the property sector, it should provide some relief to banks, which have seen profit margins squeezed by sharp increases in money market interest rates. Three month interest rates climbed above 15 per cent yesterday, compared with 11 per cent earlier this week, amid concerns over the regional currency crisis and the Hong Kong dollar.

John Ridding, Hong Kong

■ CANADA

Unemployment at 7-year low

Canada's unemployment rate for December fell 0.4 percentage points to 8.6 per cent, the lowest figure since 1990, indicating the economy has regained momentum following a pause in the preceding months. The results will relieve pressure on the federal government, which had been bedevilled by an unemployment rate that stubbornly remained at or above 9.0 per cent for seven years.

Statistics Canada reported that the economy created 363,000 full-time jobs during 1997, 2.6 per cent up on the previous year. Private sector employers and self-employment accounted for 379,000 new jobs in the past 12 months, with the public sector losing about 15,000 places.

The sharp drop in December unemployment was in part due to a small decline in the labour force from November, which economists attributed to the holiday season and a recent postal strike that may have dissuaded job seekers from sending applications. Observers said they expected Canada's unemployment rate to increase slightly in coming months as more people rejoin the labour force. But economists were predicting the national unemployment rate would drop to between 8.3 per cent and 8.5 per cent by the end of 1998.

Scott Morrison, Vancouver

■ ITALIAN PRICES

Inflation rate down to 1.7%

Italy's annualised consumer price inflation rate for 1997 has officially been put at 1.7 per cent, compared with 3.9 per cent for the full year of 1996, the Italian statistical agency Istat has reported.

The announcement for the full-year inflation rate coincides with a report by Istat that December's inflation rate was 1.5 per cent, a figure unchanged from the previous month.

James Blitz, Rome

Indonesia sends IMF back to the drawing-board

Peter Montagnon on doubts over the Suharto regime's resolve to reform

For the second time in as many months, the International Monetary Fund and the US Treasury are riding to the rescue in Asia. This time the patient is Indonesia, and at first glance it looks much harder to resuscitate than South Korea.

The decision by the IMF to despatch a team to Indonesia follows a week of giddy convulsions on that country's financial markets which saw the currency and share prices collapse as companies scrambled to lay their hands on dollars to repay debts.

The outcome could be a fundamental rethink of the way the regional crisis has been handled. Private sector economists in Asia say more radical forms of stabilisation may be needed, such as currency board systems – already tried in Argentina and Hong Kong – in which a local currency is pegged to the US dollar.

Not only has the Indonesian meltdown proceeded much further than in South Korea, the political and social background is also more disturbing. President Suharto, in whom power is concentrated, is elderly, in apparently declining health.

This week's budget broke several IMF targets and left many in the markets doubting Mr Suharto's ability to push through the reforms prescribed in the programme agreed with the IMF last October. The risk of social unrest is growing. Shops were again yesterday being emptied of food.

The daunting task for the rescue team is to produce a package that can stop the rot and restore some degree of confidence to currency and financial markets without destroying social and political order. "We would like to accelerate our programme and strengthen it, because a lot of people believe the Indonesian government wasn't really committed," said Stan Fischer, IMF deputy managing director.

Economists say there are basically three issues at stake. One is to revisit the budget. Then comes the need for structural reform, and finally the urgent need to find a way of stabilising the currency and dealing with the large foreign debt overhang.

Even reformist members of the Indonesian government such as Mar'ie Muhammad, the finance minister, are thought to believe the IMF requirement for a budget surplus of 1 per cent of gross domestic product was too tough. One of Mr Suharto's concerns was not to push through increases in fuel prices and cuts in highly sensitive food prices before the presidential election in March. The risk of riots flaring up as a result was simply too great.

But if there may be room for compromise on the budget, the other issues are more awkward. A generalised rollover of banking debt may not be as easy in the case of Indonesia as it was in Korea because much of it is owed directly by corporations rather than through local banks.

President Suharto has also done almost nothing to push through the reforms in banking sector that were mandated by the IMF. Some infrastructure projects, promoted by members of his family, which were supposed to be deferred or scrapped have crept back on the agenda.

Increasingly, says Chris Tinker of ING Barings in Hong Kong, people are talking about the introduction of a currency board arrangement to stabilise the currency. Ironically this would mean pegging the rupiah to the dollar, just at a time when doubts are being raised about the durability of the peg in Hong Kong.

It would also be extremely painful, partly because local interest rates would have to be held at high levels, but according to Manu Bhaskran of SocGen-Crosby, another economist who supports the idea, a currency board arrangement is the only feasible solution.

It could work if it had the backing of industrial countries, if action to tackle the debt problem was taken, and if other Asian countries in similar trouble adopted similar solutions so as to end the spiral of competitive devaluations, he says.

But the key to any solution in Indonesia remains a commitment by the government to meet the conditions of any revised IMF programme. The US worry, evidenced by the convergence of State Department and Defence, as well as Treasury officials, on Jakarta, is clearly the strategic risk of a political implosion if Mr Suharto is not up to the task.

Neither the US nor the IMF wants to be accused of toppling him in favour of a repressive military dictatorship but they must find negotiating parties who can deliver. The attitude of the military will be crucial, as it is the only properly functioning institution in the country, says Michael Leifer, an expert at the London School of Economics.

"Suharto will soldier on unless he's pushed out by the armed forces," he adds, "but he's tired, bereft of ideas and mouthing the same old platitudes. And in the streets, people are starting to feel the pain."

A South Korean man passes a bank poster in Seoul promising 20 per cent annual interest on savings yesterday *Reuters*

West urged to step up help for Asia

By Mark Nicholson in Madras

Thailand's deputy prime minister yesterday criticised western nations for doing too little to help crisis-ridden south-east Asian economies.

The minister, Supachai Panitchpakdi, voiced particular disappointment at the US response to Thailand's currency crisis.

Speaking at a conference in India, Mr Supachai, specified at least four steps that he said western countries should take to help ease the present crisis.

Declaring that attempts at Asian regional co-operation to shore up countries had "not produced any concrete results", he added that "this is not a regional problem to be solved by Asians alone".

Mr Supachai, who entered the Thai cabinet in last year's reshuffle, recommended that as a first step the Group of Seven industrialised nations should meet to discuss measures to stabilise the Japanese yen "or at least give assurances that the yen should be stable".

Western countries should also boost funds available to the IMF, World Bank and Asian Development Bank, "so they can become a means to recycle funds to Asia".

He said western countries should offer extra trade credits through their export-import banks and credit agencies to boost Asian exports. "It would be a great pity if trade with Asia would become stagnant because of the liquidity squeeze," he said.

Western nations should also create fresh financing facilities to underpin infrastructure projects in the affected Asian countries, he said. This had already been suggested by the European Union and was expected to be taken up in April at the next summit meeting of the Association of South-East Asian Nations (Asean).

Mr Supachai said such moves were not only necessary but also merited by Asian countries whose "economic miracle" during the 1980s had done much "to shore up global trade expansion".

He said: "Now is the time to be trying to compensate."

He conceded that many affected Asian countries, including Thailand, must blame themselves for political and economic errors. "We've done something wrong," he said, "but not so wrong that you can leave Asia alone and let the economies go down the drain."

Mr Supachai reserved special criticism for the US response to Thailand's currency crisis that broke last July. Though the IMF created a $17bn emergency package in August to shore up and underpin reforms in Thailand, the US did not contribute, he said.

The minister said the country was surprised and disappointed, given that Thailand had been a "great friend" of the US, with which it had earlier signed a "treaty of amity" conferring special privileges on US investors. "I begin to doubt whether this was worthwhile," he said.

● Moody's Investors Services, the ratings agency, yesterday downgraded Indonesia's sovereign debt to B2 from Ba1 and said it would review for possible downgrade South Korea's Ba1 rating.

India's stock and currency markets fell sharply yesterday after Thursday's decision by Moody's Investor Service to review its credit rating for possible downgrade from investment grade to sub-investment grade, Krishna Guha reports from Bombay.

The benchmark BSE 30 index closed down 68 points at 3,530 after hitting an intra-day low of 3,515 on selling by foreign institutions. The Indian rupee fell 10 paise to close at 39.75 – perilously near the critical psychological barrier of Rs40 to the US dollar.

Yesterday's falls follow an earlier slide on Thursday – when the BSE 30 fell 85 points, ending a month-long bull run which began in the second week of December.

Bimal Jalan, governor of the Reserve Bank of India, moved to calm market nerves, noting the Moody's review "has yet to take place". He urged Moody's to "fully take into account India's particular economic strength in relation to the strengths of foreign exchange reserves, low inflation and fairly respectable growth".

There is a widespread feeling in India that the review has little to do with the country's economic prospects and much to do with the criticism rating agencies have had to endure following their failure to give early warning of the crisis in east Asia.

Ringgit fall gives a lift to Malaysian exports

By Sheila McNulty in Kuala Lumpur

Malaysia notched up a trade surplus of M$700m (US$176m) in November, compared with a M$500m deficit a year earlier, as the sharp fall in the ringgit made exports more competitive.

Exports increased 30.9 per cent to M$21.6bn, the Statistics Department said. This was an acceleration of the 27.8 per cent growth that analysts said was recorded in October.

Imports increased 23.1 per cent to M$21.0bn, slightly faster than the 23.0 per cent import growth in October.

However, economists had expected further improvements in the trade balance, predicting that import growth would slow down. This was because the 46 per cent fall in the value of the ringgit against the US dollar in the past six months has made imports more expensive.

But despite the call by government authorities to "buy Malaysian", many Malaysians considered the country immune to the regional currency crisis until December, when they began cutting costs.

Mahathir Mohamad, the prime minister, again urged Malaysians yesterday to refrain from buying imported goods, stressing: "We should internalise the economy."

Economists believe the impact of Dr Mahathir's calls should be seen in reduced import growth in the December trade figures, or, at the latest, in those for this month.

They are forecasting a 1997 current account deficit of between M$11bn and M$15bn. The Finance Ministry has projected a deficit of M$13.1bln in 1997, up from M$12.3bn in 1996.

Economists considered the November trade figures a turning point, noting that this marked the first time in six months that the 12-month cumulative trade balance went into surplus.

They predicted the trend would improve further with the continued decline in the currency and subsequent belt-tightening by Malaysians.

In addition to urging people to buy local products, Dr Mahathir also called on Malaysians not to buy foreign currency; to keep money in local banks; and even to sell property owned abroad for cash that could be converted into ringgit.

"If we all do that, I'm confident we'll recover, not to our original level, but to a moderately sufficient level, perhaps within six months or a year," he said.

Famine fears grow in PNG

By Gwen Robinson in Sydney

Papua New Guinea's government said yesterday it would overhaul its drought relief efforts, after Australian experts claimed official incompetence was worsening the severity of the country's famine.

The Australian authors of a report on PNG's drought and famine said 1.2m people were suffering from severe and possibly life-threatening shortages of food and water.

The report, commissioned by Australia's overseas aid agency, AusAID, contains a bleak assessment of PNG's prospects. It warns that the worst is to come, with the number of people forced to forage for food expected to grow from 260,000 in December to 540,000 by February.

The drought since August has been accompanied by severe highland frosts and bushfires. Bryant Allen and Mike Bourke, Australian academics who led the research in PNG, warned that emergency relief supplies were not reaching the worst-affected areas and were being kept in provincial capitals because of lack of transport.

"The death toll so far is impossible to assess accurately... People dying are dying in out-of-the-way places, and soon there will be a big increase in malaria and other diseases as rivers and pools dry up," said Mr Allen, a geographer at the Australian National University.

The report said about 1.2m people, or 40 per cent of an estimated 3.15m rural dwellers, were facing starvation.

Australian government officials said they were concerned about the scale of the crisis. Australia is spending about A$1m (US$650,000) a week on emergency aid, including food supplies and other drought relief measures.

Australia fears the crisis could lead to instability on its doorstep.

The parliamentary secretary for foreign affairs, Kathy Sullivan, described the situation as a "major humanitarian crisis". Australia had been pressing for more international assistance, she said. But only limited international aid has come, mainly from New Zealand, Japan, the UK and the US.

Bill Skate, PNG's prime minister, admitted yesterday the government's drought relief committee had not been functioning effectively in the last six months and would be placed under stricter supervision.

Succession struggle comes before economy for Moi

In spite of inauguration day promises to combat corruption and tackle poverty, President Daniel arap Moi has relegated Kenya's economic problems to the backburner with a choice of cabinet that appears more preoccupied with the succession struggle than a new start.

For Kenyan commentators, the 23-member line-up announced in the wake of Mr Moi's election win represented a "decision not to make a decision", as the head of state bestowed ministries on hardliners from both factions in the ruling Kanu party vying for his mantle.

By leaving tantalisingly open the vice-presidency, key to supreme power, Mr Moi signalled he had not yet chosen between a group loyal to Simeon Nyachae, the new finance minister, and one led by George Saitoti, the former vice-president now relegated to planning minister.

"Moi is trying to have his cake and eat it," said John Githongo, columnist for the East African newspaper. "He has thrown all the contenders into the same cabinet, which is a mish-mash of both factions. He has never been this indecisive before."

The ultimate decision may now be put off until Kanu party elections, which members want staged as quickly as possible to allow frustrations accumulated since 1988 – the date of the last party polls – to be aired.

But in all the jostling for position, the big loser risks being Kenya's economy. The transfer of Musalia Mudavadi, the former finance minister, to the agriculture ministry has triggered widespread dismay. "It's so silly," said a broker. "Mudavadi and Cheserem personally ensured that Kenya didn't do a Ghana and go into a disastrous pre-electoral spending spree. His loss is a big disappointment."

Alongside Micah Cheserem, the central bank governor, Mr Mudavadi was credited with resuscitating an economy nearly destroyed by the money-printing that preceded the 1992 elections and steering through a sweeping liberalisation programme. Whenever confidence in Mr Moi's sleaze-hit administration wavered, the two men's continuing presence reassured nervous investors.

Mr Mudavadi's transfer comes at a sensitive time. Next month an International Monetary Fund delegation arrives in Nairobi to discuss the corruption issues that led to last year's suspension of $220m in aid, funds the government desperately needs to weather a looming financial crisis.

Instead of negotiating with Mr Mudavadi, a free marketeer committed to reform, the IMF will be dealing with Mr Nyachae, an interventionist with an argumentative streak.

Although enjoying a reputation as an effective and tough operator, Mr Nyachae also comes with a blotted copybook. His tenure as agriculture minister was haunted by allegations in parliament and the press that he benefited from corrupt grain importation deals.

The other big losers of Thursday night's announcement are the opposition leaders, who toned down their criticisms of the chaotic elections in the hope Mr Moi would drop his objections to a coalition government.

Michela Wrong

Ronaldo poised for greatness

As world football prepares to honour its elite, **Peter Aspden** names his candidate

On Monday, football's governing body, Fifa, will take over Disneyland Paris to crown its world player of 1997 in a ceremony that will doubtlessly make up in kitsch theatrics what it lacks in tension.

For it would be a big surprise if Inter Milan's dynamic young Brazilian striker, Ronaldo, does not add the award to *France Football's* Golden Ball presented to him before last Sunday's pulsating Italian top-of-the-table clash against Juventus.

The 128 national team coaches who vote for the Fifa prize would surely be accused of wilful perversity if they chose instead any of the remaining players on the shortlist: Real Madrid's Roberto Carlos, *Arsenal's* Dennis Bergkamp or Juventus's Zinedine Zidane. Fine players, all; but Ronaldo is simply in a different class.

As if on cue, the 21-year-old reminded millions of television viewers of his greatness immediately after receiving last week's award. Not by dominating the match – indeed so effectively was he policed by the Juventus defence that he was scarcely in it – but by transforming it in a single moment of strength, speed and skill to lay on the easiest of winning goals for Youri Djorkaeff.

At the same ceremony on Monday, Fifa will also inaugurate its international "*Hall of Champions*" to celebrate the game's all-time greats. It is a timely moment. Since the decline of Diego Maradona, the outstanding footballer of the 1980s, it had been thought that modern football had simply become too fast, too brutal in its intensity, too cynical for any one player to dominate in the same way.

But that is a common *cri de coeur*, repeated by successive generations; and sure enough, along came Ronaldo to confound the pessimists *once more*.

If nothing else, Fifa's initiative will once more set in motion a favourite footballing talking point: what is it that makes a player great? Maradona shared Ronaldo's ability to swing a tight game, played at the highest level, virtually single-handed (pun intended, of which more later).

He did it memorably in a series of superb performances in the 1986 World Cup, when he was at his peak, and almost did it again in 1990, when he was bloated and injured, and 1994, when he was lithe but drugged. It is no exaggeration to say that his shock exit from the US World Cup bewildered *and ultimately* contributed to the elimination of a fine Argentine side, such had been his galvanising effect early in the competition.

There are many for whom the infamous "hand of God" incident, as well as a notoriously eccentric lifestyle, bars Maradona from induction into the Hall of Champions, particularly as Fifa is making its usual noises over fair play and sportsmanship. But he might just point to a bruise or two on his ankles in response. Maradona was *ultimately more sinned* against than sinning.

The only player more certain of his place in Fifa's honour roll is Pelé, although so supreme was the Brazilian side in which he starred that he was scarcely required to turn games on his own. He scored fine goals in two World Cup finals, but is equally remembered for the vivid imagination that spawned a couple of spectacular near-misses in 1970, and the wholesome, joyous tenor of his game: football's (not to mention MasterCard's) dream ambassador.

Who else can we expect to see honoured by Fifa? Johan Cruyff, whose streak of arrogance was the only flaw among a fulsome range of natural gifts; Michel Platini, who could see the next pass before the last one had even started to take place; Bobby Charlton, graceful of stride and manner, but fierce in his striking of the ball.

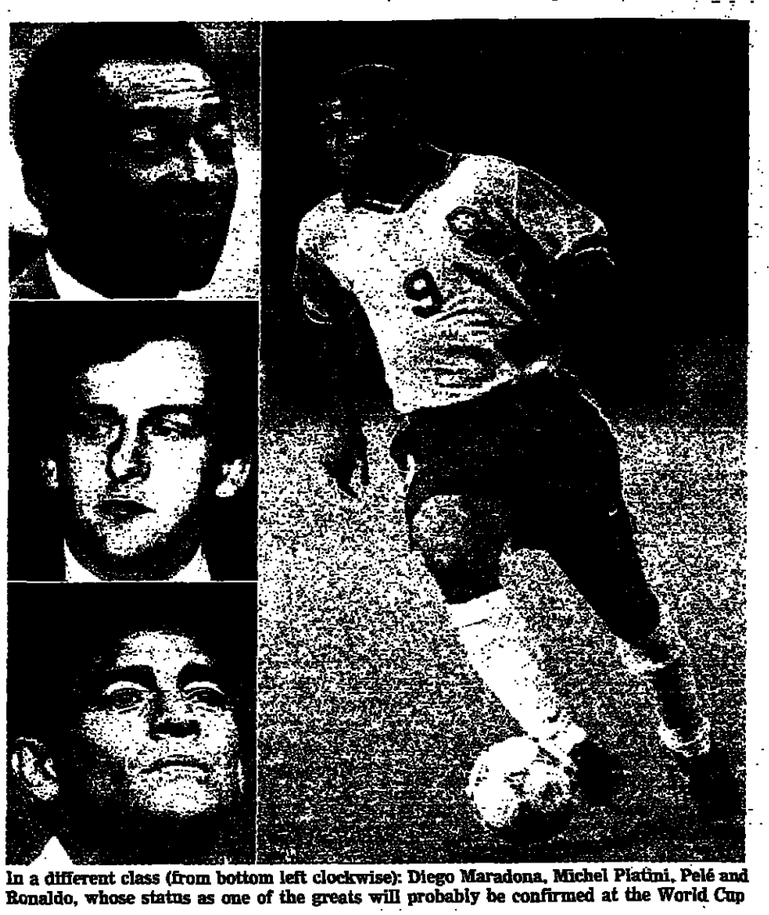
There are the great defenders: Franz Beckenbauer and the late Bobby Moore, peerless in their reading of the game and gentlemanly with it; posterity will surely deal more harshly with Franco Baresi, another dominant defensive linchpin but too *often prone to foul play*.

Many of our perceptions, inevitably, are filtered through the media, and this plays its part in shaping our judgment: some of the flickering wiles of the stars of television's black-and-white age – Matthews, di Stefano, Puskas, Garrincha – look laughably naive now, but how they thrilled at the time.

Naive, too, is the case for George Best, which rests on a handful of admittedly impressive European Cup games but who became more famous through his unerring feel for the hedonistic *Zeitgeist* of the swinging sixties. Sadly, through accident of his northern Irish nationality, he was denied the chance to prove himself at the very highest level and must remain a very good rather than a great.

These are well trodden discussions; what remains unknown is the shape of things to come. Who, for instance, will become the greats of this summer's World Cup? Argentina's Gabriel Batistuta, Florentine idol and prolific scorer in *Serie A*? Germany's elegant sweeper, Matthias Sammer, or England's strong and *stubborn centre-forward*, Alan Shearer, both blighted by injury but hoping to return to make a lasting mark? Italy's delicate Alessandro Del Piero?

Do not look much further than Ronaldo, who already has the look of a thoroughbred. He would do well to take a close look at Fifa's *Hall of Champions* on Monday, just to get the feel of his future home.



In a different class (from bottom left clockwise): Diego Maradona, Michel Platini, Pelé and Ronaldo, whose status as one of the greats will probably be confirmed at the World Cup

Rebel army rises from dead after massacre in Chiapas

Zapatista cause returns from near-oblivion as killings have political fallout in Mexico

Once again, Zapatista rebels in Mexico's Chiapas state have shown they do not need to fire a shot to make political headway.

The inscrutable army of Maya Indians, whose poorly armed and masked militants are scattered in the mist-shrouded highlands of south-eastern Mexico, has returned from near-oblivion in the aftermath of the massacre of 45 Chiapas Indians by paramilitary gunmen on December 22.

Amid national revulsion over the killings, President Ernesto Zedillo this week replaced his interior minister and accepted the resignation of the governor of Chiapas, pledging his *determination to end a conflict* that has plagued his presidency since he took office in December 1994.

But his calls to revive deadlocked peace talks have fallen on deaf ears. Partly they have been undermined by an army crackdown in Chiapas – which the Defence Ministry says is a hunt for illegal weapons but which the Zapatistas claim is a thinly veiled attempt to harass their supporters.

Zedillo: plea ignored

"At any moment there could be armed confrontation between our forces and the government," Subcommander Marcos, the rebel leader, said this week.

Photographs of young Mayan women staring down *helmeted soldiers in remote* Chiapas villages loyal to the Zapatistas have symbolised the fragile stand-off.

The protests have spread to Mexico City, where Zapatista supporters blockaded the stock exchange early this week. Masked militants also seized two radio stations to broadcast statements about the deaths.

At the Angel of Independence statue on Mexico City's main boulevard, scores of Zapatista supporters have set up camp, receiving tons of clothing, food and medicines every day from well wishers for the survivors of the massacre, organisers say.

On Monday, they plan a mass march to put pressure on the government to end the conflict, on the fourth anniversary of a ceasefire agreement that halted the bloodshed 12 days after it started on January 1, 1994.

With the public clamouring for a peaceful solution in Chiapas, Francisco Labastida Ochoa, *the new interior* minister Mr Zedillo drafted in to breathe new life into the peace process has already come under fire for his initial response to the conflict. When taking office he *avoided referring* to the Zapatista army by name, considered a slight. He also spoke of the need for full-scale disarmament in the state. According to a 1995 amnesty law, the rebels say they are permitted to keep their weapons until a peace settlement is reached.

The government-run National Human Rights Commission has called for a deeper probe into the Chiapas killings, for which 46 people – mostly Indian peasants – have been arrested.

Its head, Mireille Roccatti, reportedly said the probe should focus on whether Julio César Ruiz Ferro, the Chiapas governor who stepped down this week, had any criminal responsibility in the massacre.

Mr Ruiz Ferro is from the ruling Institutional Revolutionary party (PRI), as were many of the paramilitaries who allegedly took part in the massacre. But the PRI has denied responsibility for the killings.

Analysts say Mr Zedillo's aim of soothing tensions by replacing top officials who have failed to stop the conflict will bear fruit only if the Zapatistas come to the bargaining table.

"Subcommander Marcos *can immediately remove all* relevance from Mr Labastida Ochoa, simply by not recognising him as an interlocutor," Roberto Blum, a political analyst said.

Henry Tricks

Call to preserve 'museum of horrors' on site

Row over Menem plan to destroy torture HQ

By Ken Warn in Buenos Aires

It was, said Argentina's President Carlos Menem, a gesture of reconciliation and national unity.

But his decision to demolish the Navy's School of Mechanics, scene of the worst excesses of the 1976-83 military government, has raised a storm of protest from human rights groups and opened old wounds over the blackest period of the country's recent history.

The elegant white-porticoed building on one of Buenos Aires' main avenues became a virtual concentration camp under military rule, when between 9,000 and 15,000 people were killed or disappeared.

About 5,000 detainees passed through the portals of the Navy school. Many were tortured. Most were never seen again.

Mr Menem announced this week that most of the buildings in the complex would be demolished and a park created in their place. "Menem has gone crazy," said Hebe de Bonafini, president of the Mothers of Plaza *de Mayo, which groups the* mothers of the military's victims. "Instead of putting the killers on trial, he pardons them and builds them a park."

Protesters outside the school on Thursday launched an international campaign to stop the demolition. They are demanding the school's preservation as a "museum of horrors" committed during the regime's "dirty war" against its perceived opponents.

The controversy comes at an awkward time for the ruling Peronist party. A group of deputies from the centre-left Frepaso party is demanding the repeal of laws which granted military and police officers immunity from prosecution for human rights abuses on the grounds they were obeying orders.

The laws were passed during the transition to democracy under Mr Menem's predecessor, President Raúl Alfonsin. Mr Menem went further by pardoning officers already convicted of "dirty war" crimes.

The pardons bitterly divided Argentines. For some, it was a political *masterstroke which defused* military discontent and allowed Mr Menem to whittle steadily away at the forces' power and budgets. For others, it granted impunity to murderers and insulted the memory of the dead.

Mr Menem's latest "gesture of reconciliation" appears only to have given the clamour for fresh investigations and trials fresh impetus.

Argentina also faces continuing pressure from abroad over the disappearances. A Spanish national court judge, Baltasar Garzón, is investigating the disappearance of 600 Spaniards during the "dirty war".

Last month he accused 36 Argentine military and police officers of possible involvement. Most were former officers of the Navy school.

Human rights groups have accused Spain's centre-right government of seeking to cut short the investigation, and a parallel probe into human rights abuses under Chile's former military government, to preserve good relations with the two countries.

Adolfo Scilingo, a former navy officer who broke the military's code of silence on the "dirty war," was jailed in Spain after testifying before Judge Garzón. He was *released yesterday*.

He claims more than 2,000 detainees were taken from the Navy school, stripped, drugged and thrown alive into the sea from Navy and Coast Guard aircraft.

The plan to create a park *on the site, rather than* preserve or redevelop it, has awakened dark suspicions. "I can see why they don't want to build there," said one Argentine. "If they started digging, who knows what they would find."

Boeing to face plant inspection

The US Federal Aviation Administration yesterday said it would inspect Boeing aircraft production lines on Monday as part of a series of safety checks following last month's crash of a Singaporean 737 aircraft in Indonesia. Mark Suzman reports from Washington.

The move follows a decision by the FAA to order inspection checks to all 737s delivered after September 1995. The FAA said investigators had found that several fasteners and a bolt might have been missing from a stabiliser on the Singaporean jet, possibly helping to cause the crash.

The FAA expressed concern last year that the rapid increase in production lines at Boeing could lead to safety problems, but gave the aircraft manufacturer a clean bill of health after investigations showed no problems with quality controls. The agency routinely inspects the company's production lines as part of its aircraft certification evaluation programme.

Jane Garvey, FAA administrator, said the agency had already inspected all 737 horizontal stabilisers – the wing-like structure on an aircraft's tail – under production or ready for delivery in the US, but found no problems. "Safety is our top priority and when this investigation identified this potential safety issue it was the FAA's responsibility to act immediately," she said.

US rules on salmon dumping claim

By Nancy Dunne in Washington

The US Commerce Department yesterday in effect threw out dumping charges against three of five Chilean companies accused of selling salmon in the US at unfairly low prices.

In a preliminary ruling the department's International Trade Administration found that three companies – Mares Australes, Marine Harvest, and Camanchaca – were charging less than 2 per cent below what is considered a fair market price. This means no new duties will be imposed.

Two other companies were found to be "dumping". Importers buying from Aguas Claras and Eicosal will have to guarantee payment of duties, estimated at 3.3 per cent and 8.3 per cent, respectively. All other Chilean salmon exporters will have a 5.79 per cent dumping charge.

"In 17 years, the Commerce Department has never come out with a ruling in favour of the producer in a preliminary decision," said John Biehl, the Chilean ambassador. "The US producers were asking for 46 per cent dumping duties so in that sense we have a much better result. But we will fight on as the investigation continues."

The initial Commerce ruling resulted from an examination of the producers' files and submissions from US competitors. Next month the department will send a team to Chile to verify the adequacy and accuracy of the information submitted by the Chilean salmon farmers.

Many of the Chilean companies have investors from the US, Canada and Europe, which saw in Chile highly *favourable climatic and* industry conditions for development of the industry. Chilean salmon farms have become the leading exporter of fillets to the US, having perfected ready-to-cook fillets for supermarket chains and restaurants.

The case has been controversial. Chilean officials were so outraged that they requested consultations with the US in the World Trade Organisation, where they plan to return to file a com*plaint unless the case ends* satisfactorily.

The Commerce Department must still issue a final decision.

El Al seeks passengers to nowhere

By Avi Machlis in Jerusalem

El Al's special flight 3999 took off from Ben Gurion International Airport in Tel Aviv on a cool evening last month and landed three hours later, on time, in precisely the same spot. Flight 3999 was a flight to nowhere.

The flight, sponsored by Boeing, the aerospace manufacturer, brought tourism industry players for a spin aboard one of El Al's newest Boeing 747-400 wide-bodied aircraft. They watched a movie, were fed popcorn and dinner and landed back where they started.

It may seem a wacky idea, but El Al, the state-owned airline earmarked for privatisation, reckons it will generate additional revenues of $30m this year from a series of such off-beat marketing schemes. This is *no small sum for an airline that had* losses of $83m in 1996 and about $40m last year.

The flight to nowhere, marketed to big companies as an evening social activity for employees or a unique venue for a product launch, is one way the airline hopes to speed up a return to profits before being sold by the government. El Al hopes the other packages – which do have a destination – will help fill empty seats caused by a slump in tourism.

"Movement has become more and more unbalanced because of a reduction in incoming tourists and growth in demand by Israelis travelling abroad," said Uri Sirkis, El Al's corporate secretary for business development. "Fierce competition from foreign carriers led us to launch marketing initiatives that focus on our relative advantage – outgoing tourism from Israel."

El Al's marketing plan involves packages tailored to target the diverse sectors of Israeli society. For *example, earlier this month*, the company announced a package for Israel's ultra-Orthodox religious Jews, who make up about 10 per cent of the population of nearly 6m.

From March, El Al will designate flights for one-day pilgrimage tours to graves of great rabbis from Hungary and Poland. Some flights will be scheduled for the anniversaries of revered rabbis' deaths, an added drawing card for the devout.

But living rabbis are no less important for this marketing scheme. El Al dispatched Joel Feldschuh, its president, to meet prominent rabbis representing sects originally founded in eastern Europe. After conferring with them, El Al carefully planned every single detail for the orthodox, adhering to the guidelines of the holy books.

For example, the $399 fare includes more than just a flight and a shuttle to graveside prayers. The flight crew is all male and visits to synagogues and ritual baths are arranged in advance.

While the opening of eastern Europe has led many religious Jews to seek their roots, the opening of Israel's economy has sent Israelis on shopping sprees abroad.

Capitalising on the country's *nouveaux riches*, El Al is selling empty seats on its London route for a 24-hour blitz to the British capital's shopping districts. Eager shoppers board the 3:10 a.m. flight at Ben Gurion, landing in London before the stores open. El Al equips them with a full-day public transport pass and a bag for the booty. Satisfied but bleary-eyed, they return to Tel Aviv at about 5 a.m. the next day.

El Al will soon launch *a scheme* to fill its half-empty Tel Aviv-Manchester flight as well. The route is travelled almost exclusively by Israeli businessmen on Mondays who return Thursdays, causing El Al to fly an empty aircraft one-way each trip. Israeli football lovers will now be offered a Thursday-Monday Manchester United package, ticket to the match included. With the team leading the league, El Al hopes the flight will help take the airline somewhere.

Renewed growth needs reforms, premier tells Japanese business chiefs

Blair warns Asia of hard choices

By David Wighton in Tokyo

Tony Blair, the UK prime minister, yesterday compared the task facing the Asian economies to the transformation of the Labour party under his leadership.

Renewed growth in Asia would require reform in areas such as regulation, corporate governance, financial supervision and transparency, he said at the beginning of his first visit to Japan as prime minister.

Mr Blair told an audience of political and business leaders in Tokyo that globalisation meant that inappropriate policies quickly came to grief.

"As New Labour found out, in a global market today either you are up to the mark and you succeed or you are found out very quickly and you fail," the prime minister said.

Mr Blair, who was addressing an audience which included four former Japanese prime ministers, paid tribute to the contribution Japanese inward investment had played in the regeneration of areas of the UK that had been in decline.

He said the ability of Japanese companies to trade with the remainder of Europe would be assured. Mr Blair said Britain also had much to contribute to Japan. The country was undergoing a programme of reform, modernisation and renewal as ambitious as any contemplated around the world.

Working "with the grain" of globalisation, the programme was designed to create a long-termist, low-tax economy which combined dynamism with social justice. This required difficult decisions and government was determined to meet the challenge.

He warned that Asia also faced hard choices if economic confidence was restored. However, he praised recent Japanese efforts to support its banking system and deregulate its financial markets.

Mr Blair's aides denied that he had delivered a "lecture" and said the Japanese wanted to learn from Britain's experience.

Mr Blair's comments were backed by Sir Colin Marshall, the president of the Confederation of British Industry, who said Japanese business was interested in reforms in the UK in areas such as flexible labour markets.

Mr Blair also sent a clear message to critics of his reform programme in Britain. He insisted that he would not be deflected by short-term considerations and promised that the benefits of the actions now being taken would show through in time.

"Of course, change takes time. It is hard, sometimes, when there is work in progress to see the finished product," he said. "But it's happening. And the end product will be a Britain of which we can be proud."

Toyota Motor, Japan's largest carmaker, yesterday confirmed that it was investing £150m ($244.5m) in its engine plant in north Wales to produce engines for the new car which the company will build in France, write Michiyo Nakamoto in Tokyo and Stefan Wagstyl in London.

The announcement was made in Tokyo by Hiroshi Okuda, Toyota president, during the visit by Tony Blair, the UK prime minister. The UK government's Department of Trade and Industry declined to comment on whether Toyota would receive government aid for the investment. The Welsh Development Agency said the matter was still under negotiation with Toyota.

However, it seems unlikely that the project will be eligible for substantial support since the Toyota site is not included in the government's priority areas for assistance. As an intermediate area, it qualifies for limited aid.

Confidential government guidelines for intermediate areas put maximum payments at £6,000 per job created, compared with £17,000 for priority areas. On this basis, Toyota would be eligible for about £1.8m – possibly in the form of training grants.

The additional investment at Deeside, Scotland, where Toyota already produces 100,000 engines a year, will finance a unit producing 150,000 to 200,000 small engines of 1 litre to 1.3 litres in size. Combined with an earlier expansion plan announced last spring, the new investment will take the annual capacity to 400,000 units by 2001.

Rugby League tackles the top pay problem

Clubs aim for US-style limit on salaries, Martyn Sadler writes

Rugby League is about to enter interesting times. That was apparent at Wigan's Central Park ground on Tuesday, when Wendell Sailor, the Brisbane Broncos' star winger and one of the game's greatest players, announced that he would be joining the most famous Rugby League club in Britain – whose home is between the northern cities of Liverpool and Manchester – in 1999.

Sailor's flight to England from Australia is linked to the salary cap, which will be introduced this season in both the world's two leading Rugby League competitions. It is a revolutionary move, but an essential one if Rugby League clubs throughout the world are to stop haemorrhaging cash.

A salary cap does not restrict payment to individual players, but it does put a ceiling on the total that a club can spend on player salaries.

The system will, however, be structured differently in Rugby League's two hemispheres. Sailor's journey to England is the consequence of that difference.

In Australasia, the 20 clubs that will compete in the competition created by the recent merger between Super League and the Australian Rugby League will each have a salary cap this season of A$3m ($1.95m). Brisbane's salary payments in 1997 are thought to have bordered on $3.26m so Australia's champion club will have to squeeze its ample outgoings into a tight financial corset.

In Britain, all 31 Rugby League clubs will have a different salary cap figure, defined as 50 per cent of a club's "salary cap relevant income" for 1998. The clubs have already submitted detailed estimates of their income to the Rugby Football League under various headings, including television rights, gate fees and – tellingly – "donations". Transfer fees received are excluded.

Salary cap costs – those which must be held within the cap limit – include all payments to players as a result of his service to the club. Expenditure on coaches and administrators does not count and neither do transfer fees, or the expense of employing non-playing staff.

There is no limit on what individual players can earn, within the club's overall ceiling. The RFL's problem will be policing the new system. Like a new tax, it will come to nothing if the clubs can avoid it, or if they are allowed to forecast income levels that are unattainable.

"Bringing in a salary cap means that we are trying to encourage professional rugby league clubs to think ahead about their business – it's simply good business planning," says RFL finance director Tony Eagleton.

"Clubs will be able to apply to have their salary cap re-assessed during the season, if, for example, they have a run of success that leads to much bigger crowds than they projected."

Rugby league fans will begin to appreciate the impact of the pay cap the first time a club loses points for breaching it. Available penalties will include fines, a refusal to register new players, the deduction of points, or even relegation.

Sir Rodney Walker, chairman of both the RFL and the English Sports Council, has pledged himself to put the game's financial house in order. He is determined that the cap will be his main weapon in that struggle.

"The clubs have to realise that the salary cap is in their interests, and we have to make it work if we are to reap the reward of a more financially stable sport," he says.

The author is the editor of Rugby League Express.

Allsport

On the ball: Wendell Sailor shows power and strength in a match against Great Britain

Salary caps may be relatively uncharted territory in Britain, but in the US the concept is well established in mainstream sports such as basketball, baseball and American football, Mike Carlson writes.

The aim is to level standards within a league by protecting owners from the profligacy of their colleagues. That means strong central management – the teams concerned are not autonomous, locally based clubs, but tycoon owners must still be persuaded to toe the line. Two "rebel" owners have engaged in lawsuits against the National Football League.

The system was pioneered by the National Basketball Association in 1984, as the sport's commissioner David Stern tried to ensure that marketable stars Larry Bird and Magic Johnson benefited the entire league. Major League Baseball has also taken its first steps toward a cap by charging the five teams with the highest payrolls a "luxury tax", amounting to 35 per cent of a figure above $55.6m.

Profits at Lloyd's 'to reach £1bn again'

By Christopher Adams in London

Profits at the Lloyd's of London insurance market are to reach £1bn ($1.6bn) for the third year in succession, Chatset, a group of independent Lloyd's analysts, said yesterday.

For several thousand Names, individuals who have traditionally backed Lloyd's, who weathered the worst run of losses in the insurance market's history from 1988 to 1992, the Chatset forecast for the 1995 underwriting year is welcome news. The group expects Lloyd's to report a profit of £1bn in May. The figure was calculated after deducting expenses, but is gross of members' agents' profit commission.

Lloyd's traditionally announces profits three years in arrears to allow time for the settlement of claims. Chatset's prediction compares with actual results of £1.01bn in 1994 and £1.08bn in 1993.

Charles Sturge, editor of Chatset, said marine insurance profits had been "truly amazing", with a benign claims record helping Lloyd's syndicates produce an overall return on capacity of 9.8 per cent. After deducting members' agents' profit commission, profits would be £917m or 9.0 per cent of capacity.

Chatset warned, however, that the fierce competition in commercial insurance which has since slashed premium rates and eroded margins had hit profits harder in subsequent years than it previously thought.

In particular, a deterioration in UK motor insurance had hurt Lloyd's performance and Chatset has lowered its estimate for 1996 from £650m a year ago to £557m after commission. For the 1997 year, it predicted a profit of £397m after commission, or a return on capacity of 3.9 per cent.

Mr Sturge was gloomy about prospects for this year and said that unless 1998 was another low year for catastrophes, Lloyd's "may very well sink into loss".

Lloyd's Names expressed concern that some underwriters were apparently chasing business irrespective of the impact on profitability. "With rates so low and new corporate syndicates being allowed to start up, we want the capacity to reduce," said the High Premium Group, which represents about 600 of the biggest individual backers.

UK NEWS DIGEST

Amey shares fall after probe

Shares in Amey, the facilities management and construction group, fell by 32½ pence to 414 pence in London yesterday after the company confirmed that Ministry of Defence police had seized documents and computer software at the headquarters of the group's AFM offshoot.

Homes of some staff are also thought to have been searched. Documents and software were returned after being copied, said a ministry police spokesman. The subsidiary provides a range of services from catering to property management for about 60 ministry sites and has an order book worth about £200m ($326.00m).

Neil Ashley, Amey's chairman, said the company was "co-operating fully with a routine investigation being carried out by MoD police. No charges have been made against the company, nor are any expected".

The investigation is thought to be into a contract worth about £2m for one ministry site. *Andrew Taylor, London*

■ US BANK OFFSHOOT

Beneficial gives six weeks' notice

Beneficial Bank, the UK arm of Beneficial Corp of the US, has given its remaining current account and savings customers in the UK six weeks to take their business elsewhere.

Beneficial had a small current account business, mostly inherited from Security Trust Company, a small UK bank it bought in 1978, and said yesterday that only a few hundred customers would be affected.

"It's going to inconvenience a great many customers. It will cause me considerable business problems closing at such short notice," said Roger Knowles, a businessman who has banked at Beneficial's branch in Walsall, near the midlands city of Birmingham, for 20 years.

Beneficial specialises in consumer loans and credit cards, has assets of more than £1bn ($1.63bn) and employs 1,300 staff in the UK. *George Graham, London*

■ BRITISH TELECOMMUNICATIONS

Planned rises anger user groups

British Telecommunications said yesterday that it would increase the cost of calls to the directory enquiry service by as much as 40 per cent, prompting an angry response from telecoms users groups.

International directory calls will increase from 60 pence to 80 pence ($1.30). Calls within the UK will rise from 25 pence to 35 pence. BT said the new charges were necessary to bring the service into profit and to fund investment in new directory services. However, the Telecommunications Users' Association described the increases as "disgraceful" and called on Oftel, the industry watchdog, to intervene. *Christopher Price, London*

■ FINANCE AND LEASING

Accounting guidelines published

The Finance and Leasing Association – the leading body for the sector – yesterday published draft guidelines designed to improve the clarity of accounts among its members. The FLA has been given the the power to issue the guidelines by the Accounting Standards Board.

In the past, the industry has suffered from corporate failures linked to certain aspects of lease accounting – such as the recognition of falls in the residual value of leased goods. This problem was partly to blame for the collapse of British & Commonwealth Holdings in 1990 which was pulled down by liabilities at Atlantic Computers which it had acquired in 1989. *Jim Kelly, London*

■ RETAILING

Figures suggest sales bonanza

Evidence is mounting that retailers may be experiencing a January sales bonanza. John Lewis, the department stores and supermarket group, yesterday revealed a sharp jump in trading last week: in its weekly update, the group said sales in the department store business were some 33 per cent ahead of the same period last year.

The company's experience appears to have been shared by other retailers, according to John Bell, operations manager at the MetroCentre shopping mall in Gateshead, north-east England. *Peggy Hollinger, London*

Granada chairman to head arts body

By Alice Rawsthorn and John Gapper in London

The government is expected to announce next week that Gerry Robinson, chairman of Granada Group, the media and leisure company, will be the new chairman of the Arts Council.

Mr Robinson is understood to have been offered the post by Chris Smith, the culture secretary, before Christmas. He is believed to have decided in principle to accept, but will do so formally only after notifying the Granada board.

The appointment of Mr Robinson, who will succeed Lord Gowrie, comes when the Arts Council is struggling to redefine its role in the face of criticism from government and the arts community.

Mr Robinson's brief will be to modernise the organisation, and to cut costs, possibly by devolving greater responsibility for some areas of funding to the regional arts boards. Mr Smith has made known his intention to restructure the council as part of a shake-up of the publicly funded arts sector.

Mr Robinson will also be expected to tackle immediate problems, notably deciding whether the Arts Council should allocate up to £75m ($122m) of National Lottery funds to the controversial £130m South Bank Centre redevelopment in London. Mr Robinson, 49, will remain chairman of Granada, which he joined in 1991.

Threat to N Ireland talks eases

By John Murray Brown in Belfast

A collapse of the Northern Ireland peace talks appeared to have been averted last night after Mo Mowlam, chief Northern Ireland minister in the British government, had met anti-nationalist "loyalist" inmates of the high-security Maze Prison.

Last night, the Ulster Democratic Party, the political wing of the banned Ulster Defence Association, announced it would attend the multi-party negotiations when they resume on Monday, after UDA prisoners voted to give the process a second chance. This came less than two hours after Ms Mowlam had held discussions in the prison governor's office with a five-man UDA team including Michael Stone, the terrorist convicted of killing three Catholics during a Republican funeral in Belfast's Milltown cemetery.

The breakthrough represents a personal triumph for Ms Mowlam who had taken considerable risks in appearing to give legitimacy to terrorist prisoners. The minister insisted she was there to discuss political matters not prisoner policy but would use "every legitimate means in my power to ensure the peace process continues". She said she had not come to "plead, negotiate or bargain with anyone". And she publicly apologised to those families whom she conceded might have been offended by her decision to enter the Maze.

She said: "I reminded the prisoners that the only way their concerns can ever be addressed is through the negotiation skills of their political representatives." She told the paramilitaries: "You ain't gonna get nothing if you don't have talks." She left the prisoners with a 15-point plan, which included the broadest of hints that there would be early releases of paramilitary prisoners in the context of progress in the talks.

But loyalist officials last night called for swift action. Gary McMichael, the UDP leader, said the government could no longer ignore "the centrality of prisoner releases to the viability of the overall settlement". He went on: "The message is to seize the opportunity now, while it exists, to focus our minds on the talks and make sure that rapid progress is made, because time is running out."

Ms Mowlam's personal intervention, which was criticised by some local politicians, appeared to have won round the UDA inmates who had earlier complained at the stream of concessions which the two governments had made to republicans.

Accountants 'consolidating role'

By Jim Kelly in London

Accountants continued to consolidate their presence in the small to medium-sized public and private corporate finance sector according to figures in Acquisitions Monthly magazine.

The league table published by the magazine yesterday shows that accountants advised on the most deals in the UK in 1997 – although they fell far behind investment banks in the value of transactions.

The figures show that accountants, particularly the growing corporate finance arms of the "Big Six" firms, consolidated their hold on the private market, advising on 742 deals compared with 699 last year.

Accountants took the top eight positions in the private and public league table in 1997, compared with the top six in 1996. "Three or four years ago the big firms decided to go after the middle ground and they have built that business up," said Philip Healey, editor of Acquisitions Monthly.

However, the table shows that the accountants are making less spectacular progress in the public market – with the top six accountants advising on 12 deals in 1997 compared with 10 in 1996.

In value, the performance of banks such as Lazard Brothers dwarfs the accountants. It advised on deals worth £22bn ($36bn) compared with less than £3bn for the top accountancy firm in the sector, KPMG Corporate Finance.

SBC Warburg Dillon Read advised on nearly £20bn worth of deals compared with less than £2bn for the second biggest accountancy firm, Coopers & Lybrand Corporate Finance.

Top advisers in 1997

Combined public and private league table, ranked by number of deals

Adviser	Value £m	Number
KPMG Corporate Finance	2,896	239
Coopers & Lybrand Corporate Finance	1,877	140
Ernst & Young Corporate Finance	1,571	116
Deloitte & Touche Corporate Finance	2,638	114
Price Waterhouse Corporate Finance	1,053	80
Grant Thornton Corporate Finance	490	71
Arthur Andersen	2,951	54
BDO Stoy Hayward	578	45
NatWest Markets	2,779	42
Schroders	12,313	37
UBS	5,861	37
Close Brothers	1,839	36
Lazard Brothers	21,923	34
Dresdner Kleinwort Benson	4,384	34
Deutsche Morgan Grenfell	4,321	31
SBC Warburg Dillon Read	19,785	26
Rothschild Group	8,290	26
BHF Charterhouse CCF	1,352	25
BZW	4,756	24
HSBC Investment Bank	2,883	24
Robert Fleming	2,207	23
Hambros Bank	1,865	23

Source: Acquisitions Monthly

FINANCIAL TIMES

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Watch out for the pound

The British economy is currently a hard ship to steer. Interest rates are likely to have to rise soon to contain the inflationary pressures in the domestic economy, even though this will cause more pain to Britain's exporters. Later this year, though, attention could shift to the movements of sterling. There is a risk that a falling pound could re-ignite inflationary pressures – and the casualty would be Britain's growth prospects.

1997 was the year when Britain became a two-speed economy. The strength of sterling left exporters struggling, while domestically oriented businesses, particularly services, boomed. And recent evidence suggests that this divergence is growing.

Domestic economic activity is still robust, despite the rises in base rates over the past few months. The labour market continues to tighten: shortages in skilled labour are rising and pay settlements, after a long period of restraint, are now creeping upward. Most settlements are at least 3½ per cent.

Consumer confidence is high, and people are spending more. Retail sales are growing at an *annual rate of around 5 per* cent, and early trading statements suggest that sales over the crucial Christmas and new year period have been strong. Consumer credit is racing ahead at a rate of 15 per cent.

Meanwhile, though, British exporters are suffering from the "double whammy" of strong sterling and the crisis in Asia. In 1997, export volumes held up despite the high level of the pound. This was partly because companies were keeping overseas prices constant to maintain market share, at the expense of profit margins. But this could not go on for ever. Recent figures show that export volumes are now declining. And the Asia effect is only just kicking in.

Balancing act

The two sectors of the economy are pulling in different directions. This means that the Bank of England's Monetary Policy Committee must perform a difficult balancing act. Recent *figures suggest that domestic* inflationary pressures may be stronger than the deflationary impact of trade. There may, then, have to be a further tightening of policy over the next few months to achieve the slowdown in growth needed to keep inflation near its target.

But this may not be the end of the story. These arguments assume that sterling will remain at its current level.

In the short term, there are good reasons to suppose that this will be the case. Expectations of higher interest rates, along with some safe-haven effect following the Asian crisis, should ensure the pound's strength. But in the latter part of 1998, the pressures could turn the other way.

One reason is that the interest rate differential between the UK and continental Europe is likely to narrow in late 1998. Growth in continental Europe is set to outpace that in the UK this year, and rates there are likely to firm to reflect this. Interest rates in Germany and France will also have to rise slightly in order to converge with the other members of economic and monetary union. Meanwhile, UK interest rates will appear to have peaked.

Too fast for comfort

A second reason is trade. Britain's trade position is set to worsen markedly in 1998, for all the reasons already mentioned. This will put downward pressure on the currency.

And lastly, economic and monetary union will be a driving force for the European currencies. If the run-up to Emu is *smooth*, the currencies of continental Europe are likely to appreciate. Any strength that sterling may have derived as a "safe haven" from Emu would also disappear.

There is therefore a chance that the pound could fall substantially further than the markets – and the Bank of England – are now expecting.

If this does happen, the UK will see the end of the two-speed economy. Instead it will be running at one speed – which would be too fast for comfort.

Interest rates would then have to stay high in order to control prices, contrary to the expectations of the currency markets, which are pricing in a fall in base rates by the end of the year. And we could see a far more prolonged period of sluggish growth than the short, sharp slowdown that the Bank of England is predicting.

The two-speed economy remains the key concern for now. But there is a risk that by the end of the year, a fall in the pound could prompt a new wave of inflationary pressures. And a slowdown in growth is the only way that these could be squeezed out. All eyes on the pound for 1998.

Flights in formation

Michael Skapinker explains why airlines are entering alliances and asks whether consumers will benefit from such links

When Mark Berelowitz, a London doctor, boarded what he thought was a British Airways flight in Paris last year, he found the cabin decor strangely unfamiliar. His confusion increased when the flight attendants greeted him in strongly accented English.

The flight was not operated by BA at all, but by TAT, the UK carrier's French subsidiary. "I was flabbergasted," Dr Berelowitz says. "I didn't know it was legally possible."

Many passengers have had similar experiences. A recent International Air Transport Association (Iata) survey of 1,000 travellers discovered that a third had found themselves flying with a different airline from the one they expected.

The airlines are behaving legally, although they are supposed to warn customers when they will be travelling with a different company. The passengers' experience is the result of a rapid growth in airline alliances, which allow carriers to sell seats on flights operated by other companies.

In 1993, there were 10 such alliances. Three years later there were 52. In June last year, the magazine Airline Business identified 363.

Most of these alliances involve "code-sharing". This is when an airline sells a seat on another carrier's flight but issues a ticket *carrying its own two-letter code.* The advantage of code-sharing is that airlines can sell flights to destinations they do not serve.

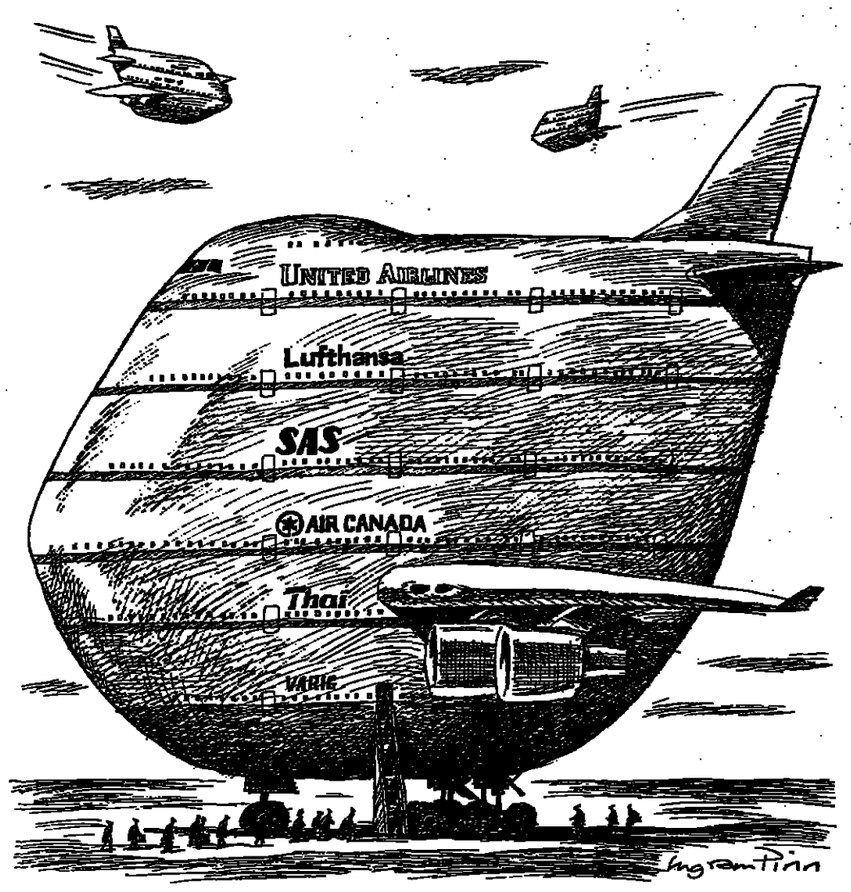
Some alliances have gone further, with airlines taking equity stakes in their partners. BA controls TAT and Air Liberté of France. It also has a 25 per cent stake in Qantas of Australia.

More carriers would probably take equity stakes in their partners, or even purchase them outright, but the law in most countries prohibits it. The US limits foreign ownership of its airlines to 25 per cent and the European Union to 49.9 per cent.

Other airlines have formed worldwide groupings which, while going beyond code-sharing, do not involve exchanges of equity. As well as selling seats on each other's flights, these alliances open their airport lounges to their partners' business class passengers, pool their frequent flyer programmes and do some joint marketing.

The biggest of these groups is the Star Alliance, formed last *year by United Airlines of the* US, Lufthansa of Germany, Scandinavian Airlines System, Air Canada, Thai Airways and Varig of Brazil.

KLM of the Netherlands and Northwest Airlines of the US also have a long-standing partnership. KLM late last year also linked up with Alitalia. Delta Air Lines of the US has an alliance with Swissair, Austrian Airlines and Sabena of Belgium.



Next month, regulators in Brussels and Washington are expected to decide whether to allow one of the most powerful formations of all: the planned partnership between BA and American Airlines, which would account for 60 per cent of flights between the UK and the US.

But the European Commission is concerned that the trend for such links is reducing customer choice. It is investigating several transatlantic alliances, as well as the proposed BA-American tie-up. This week it started an inquiry into Air France's links with Delta and Continental Airlines of the US.

While leisure passengers might come across these alliances, their real targets are regular business travellers – what the Star Alli*ance calls "global mobiles".* These passengers often take journeys that involve changes of flights – for example, from Chicago to Dresden. In the past, such passengers might have relied on their travel agents to suggest which airlines they should use. Now the Star Alliance presents them with a solution: fly from Chicago to Frankfurt with United and from Frankfurt to Dresden with Lufthansa.

When checking in at Chicago, travellers receive boarding passes for both flights and their luggage is sent straight to Dresden. They can use the United business class lounge in Chicago, the Lufthansa facilities in Frankfurt, and they can win frequent flyer points on both airlines. If the same travellers want to fly to Vancouver – or to Oslo, Rio de Janeiro or Bangkok – a Star Alliance partner can take them there too.

The large alliances are not only trying to win over individual business travellers; they are attempting to persuade their employers, and their travel agents, to book all tickets with them.

"All of a sudden, we're talking to groups of airlines rather than to individual carriers," says Mike *Platt, commercial affairs director* of Hogg Robinson Business Travel, one of the world's biggest corporate travel agents. "If one of our customers wants to negotiate a deal with United, United encourages us to talk to Lufthansa and SAS as well."

But are the alliances good for travellers? Travel agencies say the Star Alliance has not so far carried out its pledge to cut fares. "On price, they've made absolutely no difference," Mr Platt says. "They haven't been created to give customers a better financial deal. They've been created to enable the airlines to reach a wider market."

Yet he says the alliances do appear to make travel more convenient for passengers by ensuring that flight schedules provide easier connections. He adds that the stronger members of the Star Alliance are forcing weaker airlines to improve their service.

The Iata survey indicates that, while travellers might initially be irritated at having to fly with a different airline, they do get over it. Of those who found themselves unexpectedly flying with a different airline, 45 per cent said at the time they were angry or confused, against 41 per cent who *did not mind and only 4 per cent* who said they were pleased.

Asked how they felt in retrospect about flying with another carrier, 13.5 per cent said they were just as angry and 5.5 per cent said they were even more angry. But more than half said they were now indifferent and 10 per cent positively pleased. Three-quarters of those surveyed thought airline tie-ups would be good for them in the long term.

Are they good for the airlines? Lufthansa says the additional passengers gained through the Star Alliance added DM300m to its revenues last year. Andrew Light, aviation analyst at Salomon Smith Barney, says that the real benefits will come when alliances get together to cut costs.

Instead of flying with empty seats, partners could move pas*sengers between companies,* reducing the number of aircraft they use. They could have joint management and purchase fuel, maintenance services and even aircraft together.

Few alliances have made this sort of progress. One of the most advanced is the partnership between BA and Qantas. The two companies have a joint sales and customer services team in south-east Asia. By co-ordinating their flight schedules, BA has been able to reduce its aircraft capacity on the UK-Australia route by the equivalent of a 400-seat Boeing 747-400. Qantas has reduced its capacity by the equivalent of a 250-seat Boeing 767-300.

The Star Alliance has not gone as far. Some of the partners are buying cheaper items such as serviettes and serving trays together. A committee of the six airlines is looking at what else they could do, such as joint purchase of fuel. But there are no plans for joint management. "We're trying to make sure that we don't bite off more than we can chew," says Chris Bowers, United's senior vice-president.

The caution is justified. Airline alliances are not noted for longevity. A study by the Boston Consulting Group found that only a third of the intercontinental alliances in place in 1992 were still in existence three years later. Alliances within the same region had a slightly higher survival rate: 59 per cent of them lasted the three years.

BA's earlier tie-ups with United and US Airways did not survive. Delta and Virgin Atlantic of the UK ended their partnership last year; Virgin linked with Continental instead. Singapore Airlines last year transferred its allegiance from Delta to Lufthansa, although it has not yet joined the Star Alliance.

As hard as they try to maintain their partnerships, airlines from different countries have their own histories, cultures and ways of operating. While the number *of alliances will probably con*tinue to grow, welding different companies together will be no easier than in the past.

Travellers might get used to flying with a different carrier from the one they booked with. But they might still, on stepping into the aircraft, be surprised to discover who their favourite airline's *newest partner is.*

·LETTERS TO THE EDITOR·

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Surprising principle underpins US's 'fresh start'

From Mr Robert Ellmann.

Sir, Re your article "Americans go for broke over nation's latest trend" (January 7), yes bankruptcies are on the rise in the US. *The bankruptcy code stipulates a* "fresh start" for those drowning in debt.

I forget – who was it? – maybe it was Marx who once said that Communism is a society which draws a sharp distinction between what one needs and what one can do: "From each according to his abilities, to each according to his needs". So, for example, a severely retarded per*son would contribute something* to society through a menial job but would receive all the special medical care essential for his care, even if the latter were to cost significantly more than the former.

In the US, the Communist principle has been achieved in a rather unusual fashion by the distinction between one's income (Marx's "abilities") and one's con*sumption (Marx's "needs") due to* the greed, rationality and recklessness of the credit card companies. Through credit cards, one's consumption can far outstrip one's income. Communism – alive and kicking in the ideological bastion of capitalism, the US! I suppose that Marx wouldn't be surprised. Understandably, the rest of the world, lacking such a "fresh start", would have a difficult time seeing this.

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Support for millennium bill a good signal

From Mr Graham Ride.

Sir, Tony Blair's determination to take decisive action on the year 2000 date change ("Blair set to seek EU action over millennium 'bomb' ", January 2) will find no better outlet than putting full and unequivocal government support behind Mr David Atkinson's Millennium Compliance Bill when it receives its second reading next week.

If the prime minister wants to signal to UK business and our European partners how seriously he takes the problem he should drop the lame excuse that the bill would be a burden on business. The bill would add nothing to the burden which already exists for business because of the year 2000 date change but would be extremely helpful in getting across the seriousness of the issue, together with the benefit to shareholders it is designed to provide.

Downing Street says: "This is a problem which must be tackled now. The effects could be enormous if we don't take decisive action." Let it back these words with action on January 16 when the second reading takes place. There has been too much pussyfooting about and Mr Atkinson's letter (January 5) to the FT should receive all the support we can give it. More importantly his bill must receive government support before it is too late for government to have any effect at all.

There are only two years left now and the apathy which still exists almost beggars belief. This is a very serious problem, let us have the government agree with us on this with more than just empty words.

Graham Ride,
Cybermetrix,
Pembroke House,
25 Moor Lane,
Woodford, Cheshire SK7 1PW,
UK

Car pollution cannot be continually ignored

From Mrs Christine Eborall.

Sir, It was sad, though predictable, to see (Weekend FT: "More of the same?", January 3-4) your motoring correspondent, Stuart Marshall, again refusing to admit the contribution to air pollution made by cars (the lion's share of all the leading pollutants) and the damage caused by building by-passes (more traffic generated, more out-of-town development).

Strategies for traffic reduction are the only sensible way forward. The government appears to have got the message, though it remains to be seen whether it will act decisively enough. Perhaps the Weekend FT might counterbalance Mr Marshall's views by hiring a cycling correspondent?

Christine Eborall,
1 Bruton Way,
Ealing,
London W13 0BY, UK

Call time on risky lending

From Mr Robert Lederman.

Sir, With reference to Martin Wolf's article "Why banks are dangerous" (January 6), a more effective method of reducing the risky lending practices of banks would be to enforce mandatory securitisation of their loans (commencing with new loans and eventually working through existing portfolios). Additionally, there should be a time limit for doing so, say 12 months from the date of the loan.

The banks' credit committees would not be quite as anxious to lend billions of dollars to second rate borrowers at prime interest rates if they knew the loan would appear on their books at 90 per cent (or whatever) of par value within a designated time period. This method would have the added benefit of being considerably more transparent to both regulators and investors alike.

Robert Lederman,
115 East 87th Street, #23F,
New York, NY 10128,
US

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 10.01.98 — Final Prices to Trading on 13.12.97

½ hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh	TS use of system price £/MWh
0030	10.52	13.00	13.00	0.00
0100	31.01	27.46	27.09	1.06
0130	32.39	36.36	35.99	1.06
0200	32.39	36.36	35.99	1.06
0230	30.13	32.95	32.58	1.06
0300	32.39	32.95	32.58	1.06
0330	32.39	32.95	32.58	1.06
0400	27.84	26.94	26.57	1.06
0430	30.71	26.94	26.57	1.06
0500	10.63	26.94	26.57	1.06
0530	10.54	11.01	11.01	0.00
0600	10.53	11.00	11.00	0.00
0630	10.54	15.70	15.33	1.06
0700	10.66	15.70	15.33	1.06
0730	16.85	15.70	15.33	1.06
0800	20.17	15.70	15.33	1.06
0830	10.66	15.70	15.33	1.06
0900	28.17	18.55	18.18	1.06
0930	28.17	18.03	17.66	1.06
1000	28.17	31.49	31.12	1.06
1030	22.03	31.49	31.12	1.06
1100	22.03	31.49	31.12	1.06
1130	22.03	31.49	31.12	1.06
1200	22.03	22.31	21.94	1.06
1230	22.03	18.55	18.18	1.06
1300	22.03	18.55	18.18	1.06
1330	10.79	30.43	30.06	1.06
1400	10.79	30.43	30.06	1.06
1430	10.79	18.55	18.18	1.06
1500	10.66	18.55	18.18	1.06
1530	10.57	11.01	11.01	0.00
1600	10.66	11.01	11.01	0.00
1630	10.79	21.92	21.52	1.06
1700	28.74	26.89	26.52	1.06
1730	48.41	38.03	37.66	1.06
1800	48.41	38.03	37.66	1.06
1830	48.41	38.02	37.66	1.06
1900	26.74	32.68	32.31	1.06
1930	24.20	26.89	26.52	1.06
2000	23.10	23.40	23.03	1.06
2030	23.10	20.05	19.68	1.06
2100	10.66	20.09	19.72	1.06
2130	23.10	30.43	30.06	1.06
2200	19.00	30.43	30.06	1.06
2230	10.66	11.01	11.01	0.00
2300	10.57	10.55	10.55	0.00
2330	10.53	10.55	10.55	0.00
2400	10.51	10.54	10.54	0.00

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £10.66/MWh becomes 1.066p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alteration) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. The Transmission Services Use of System Price (TSP) is charged by the National Grid Company plc (NGC) for the operation and development of its electricity transmission system for the purpose of optimising the costs arising from the operation of that system. Charges are calculated by NGC and are based on payments made by NGC into the pool. TSP is also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the derivation of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8.30am and 3.30pm Monday to Friday.
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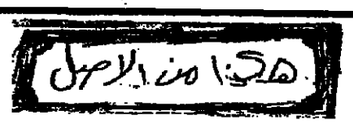


COMMENT & ANALYSIS

Man in the News • **Michael Eisner**

An autocrat under fire

Christopher Parkes on why Disney's chairman draws mixed reviews

It would have been out of character for Michael Eisner to bend unresisting to investors who this week demanded a clear-out of the cronies they say clutter the Walt Disney boardroom.

No matter that the call came from the biggest pension fund in the US. Disney's autocratic chairman shunned the opportunity to make peace behind closed doors, choosing instead to tough it out at next month's shareholder meeting.

The event is thus assured maximum publicity. The outcome of the vote, which is less certain, will be instructive for senior executives of Mr Eisner's wilful bent, and for investment fund managers determined to have their way in matters of corporate governance.

"This isn't just about Disney," says one well-placed observer. "It is about an issue common in companies with a strong chief who has made most of the decisions and appointed the main executives and nominated most of the board."

It was also out of character for TIAA-Cref, the national teachers' pension fund, to question publicly the independence of nine of the Disney board. This week it filed a resolution pressing for reforms to ensure that a majority of board members meet the criteria the fund considers suitable.

The fund, which prefers private discussions, questioned personal and financial links between executives and non-executives. These include Mr Eisner's favourite architect and someone who taught one of his children.

Mr Eisner dismissed the fund's definition as "over-restrictive" and said more than 60 per cent of the group's non-executives met the company's criteria for independence. Mr Eisner may well feel justified in trumpeting his management ethos. After all, during the 13 years he has been at the company – years of uninterrupted success – shareholders have reaped a 29 per cent compound annual return and Disney's capitalisation has ballooned from $4bn to $65bn.

As a man with a long record of success, Mr Eisner is not used to criticism. His amiable public persona betrays no signs of the person known 30 years ago as "the terror of television" when he helped raise ABC television from third to first in the rankings.

That episode established him as "the man with the golden gut" – an intuitive feel for what consumers wanted. His gangly, slightly awkward appearance (he always looks faintly off balance) has not interfered with the steady growth of his self-confidence. His dependence on others' advice, at least in creative matters, diminished when he moved to Paramount in the mid-1970s. For six years from 1978 the studio was first or second in the box office ratings with films like Raiders of the Lost Ark.

Critics point out that, while Disney shareholders have been handsomely rewarded, so has Mr Eisner: he earned $10m in bonuses alone last year. There is also the case of Michael Ovitz, his friend, who a year ago walked away with more than $100m in severance after 14 months' trying – and failing – to discover how Mr Eisner's second-in-command was supposed to earn his keep.

The costly mistake of installing the inexperienced Mr Ovitz as president still rankles among fund managers, who see it as only one of Disney's "gaffes". These would not have happened, according to one industry expert, if there had been a board made of sterner stuff than the "bunch of fluff" installed under Mr Eisner.

The Ovitz episode cost Disney the services of Stephen Bollenbach, the finance chief who had engineered the group's crucial acquisitions. He left, disaffected, to run Hilton Hotels.

"He would eventually have been a very good chief executive for the company," says one observer, raising the issue of succession, which Mr Eisner appears resolutely to ignore. "He [Eisner] has hired some great talent, but is such a total control freak and these people are not emerging. Who is going to run the company?"

Mr Eisner, 54, who underwent a quadruple heart bypass in 1994, said recently that, if it were not for the operation, "no one would even be talking about succession". There was no number two waiting and "no concrete plan", he said.

Such talk goes to the heart of concerns about the nature of the board Mr Eisner has assembled. Mutual back-scratching, with senior appointments going to friends, relatives, and celebrities, is an established tradition in Hollywood and the entertainment industry beyond. But the industry's needs have outgrown its traditions as mergers and acquisitions in recent years – a process driven largely by Disney – have concentrated power in a few conglomerates. "The industry has always been incestuous, but companies are so much bigger now. They have much broader business interests, and companies like Disney can least afford to have ineffective boards," says one critic.

But the company is not exactly defenceless against such criticisms. As it demonstrated at last year's annual meeting when the Ovitz affair and Disney's pay policy was attacked, it has some influential allies in the investment community. There, shareholder-supreme Warren Buffett, who backed the Capital Cities/ABC takeover by Disney, and Sid Bass, the billionaire white knight who saved Disney from dismemberment in the early 1980s, stood to acknowledge loud applause from the audience.

Although Mr Eisner grew increasingly ill-tempered as the four-hour meeting dragged on, the consummate populist ultimately prevailed. This was thanks, in no small part, to support from the mass of small shareholders happy with their generous dividends.

With last year's 25 per cent rise in group earnings and a buoyant share price to celebrate at the annual meeting next month, Mr Eisner is likely to win their support again. If his critics are right, he is also ensured the backing of the Disney board.

Suharto's critics find their voice

Fears of political unrest in Indonesia are growing, but the opposition is divided, says **Sander Thoenes**

It was one thing when Indonesia's currency was falling through the floor. But when rice, sugar, cookin oil and milk suddenly vanished from many Jakarta shops this week, the crisis took a more sinister turn.

After 30 years of steady economic growth, Indonesia's 202m people suddenly face ballooning inflation, big lay-offs and, now, food shortages as panic buyers empty the shelves. Many fear political unrest will follow.

President Suharto's promises of economic reforms have been rejected by investors and traders who continue to mark down the rupiah and shares. As the financial crisis spreads to the real economy, more and more Indonesians are also turning against the president, who has ruled over the country since he engineered his way to power in 1965.

Students and retired generals, together with Amien Rais, head of the influential Muhammadiyah Moslem movement, have taken the unprecedented step of publicly calling for a new president. "Suharto is not the solution," says Arief Budiman, a sociologist. "He is the problem."

Many Indonesians are looking to the military for action. Coup rumours abound. "Who in the military will have the guts to tell Suharto to stand down?" asks a former minister. "Now, no one. But that may change."

But this is not 1965, when Mr Suharto, then a little-known major general, came to power after a failed coup attempt by leftwing officers. Mr Suharto consolidated his power after the army and several student and Moslem groups spearheaded the massacre of more than half a million Indonesians accused of being communist sympathisers.

The situation is different now, says Dewi Fortuna Anwar, a political scientist at a liberal government think-tank. "People are being irrational ... I don't share this sense of pending doom. Even if President Suharto is not fully in control, we're not talking anarchy. It's not like 30 years ago, when there were factions everywhere."

There is no Communist party or any other significant opposition movement that could make the army turn on the civilian population. Mr Suharto's tight lid on dissent and the record of economic growth had until recently given little incentive for vocal criticism of his government.

Neither is the economy yet in a state of total collapse. Until now, most Indonesians have been well fed, although a severe drought has caused several hundred deaths in Irian Jaya and other remote parts of Indonesia. Nevertheless, some people are stocking up on supplies. "If something happens we will have food and we can stay safely at home," says a mother of two. "I'm afraid."

A spate of public attacks on Mr Suharto has so far failed to galvanise the small, divided and mostly hesitant Moslem and secular opposition. Few believe that Mr Rais, who is both popular and outspoken, can mount a serious bid for power.

Mr Rais this week appealed to Abdurrahman Wahid, head of the largest rival Moslem group, to form a coalition with Megawati Sukarnoputri, the daughter of former president Sukarno and a popular, if hesitant, opposition leader. Ms Megawati expressed interest, but Mr Wahid has warned that such a coalition would serve only to heighten tension by making the army jittery.

Mr Wahid's remarks highlight a lingering fear of the military, which yesterday threatened "repressive actions ... against anybody who tries to worsen the situation in this kind of monetary crisis".

Most analysts believe the army, navy and air force are much more committed to stability than in 1965. Mr Suharto has managed to squash opposition factions in the military by retiring popular officers and reshuffling others. "You have a military leadership that does not have a strong following," says one western diplomat. "They are there because of their loyalty to Suharto."

Mr Budiman agrees. "Nobody dares to challenge Suharto because he has been a champion for so long ... There is a Mike Tyson syndrome."

Most observers say the best the military will be able to muster is an urgent, but respectful, appeal to the president. "They may ask Suharto to gracefully withdraw," says the former minister. "Maybe they'll see Try Sutrisno [the vice-president] as their best bet. He would become some kind of an interim leader."

The alternative to the army as a motor for change, say analysts, are the international institutions that are pressing for economic and political reform. Senior officials from the International Monetary Fund, which organised a $38bn bailout last October, and the US administration are flying to Jakarta this weekend for meetings with Mr Suharto.

If they persuade the president to change course, Mr Suharto might give reformers within his administration the authority to implement policies agreed with the IMF. They might then negotiate with domestic conglomerates and foreign banks the restructuring of $80bn in private debt.

"Now we are more dependent on the World Bank and the IMF than on the military," says Mr Budiman. "The military is no longer the most important actor."

South Sea to South Korea

Richard Lambert looks at the history of financial panics

Financial crises in international markets are the norm, not the exception. What is unusual about the current Asian drama is not that it has crossed several borders within the region but that, so far at least, it has not spread further through the world's capital markets.

It is true that the number of really big international shocks during the past 60 years can be counted on the fingers of one hand. True also that, for the most part, they have been triggered by economies asking for trouble, such as Mexico in 1982.

But the past six decades, characterised in the main by fixed exchange rates and restricted capital movements, have been years of exceptional calm. A longer sweep of history points to the bleak conclusion that international capital markets and financial panics go together: you can't have one without, from time to time, unleashing the other.

Start with the granddaddy of them all, the South Sea Bubble, which blew apart the London financial market and a lot more besides in 1720-21. There were clear links between this speculative mania and John Law's Mississippi scheme in France a year or two earlier. From Denmark to Portugal, the whole of Europe was caught up in a speculative frenzy and, when the crash came, the repercussions were felt everywhere. Prince Kourakine, the adventurous Russian envoy to the Hague, disappeared altogether from society; and the English coffee house in Amsterdam was burnt down by a mob of angry Dutchmen.

The English and Dutch financial markets were increasingly integrated through much of the 18th century, and panics in one centre would quickly ripple across the continent.

The first big Latin American debt crisis hit London at the end of 1825 when a string of mining ventures went sour. The repercussions spread through Paris to Leipzig, Vienna and Italy. What has been called the first worldwide financial crisis broke out at almost the same moment in the US, England and central Europe in 1857, and spread through to South America, South Africa and the Far East.

So the saga goes on, with recurring dramas every decade or so, until the grand climax – the crash of 1929 and the subsequent worldwide banking crisis.

Burst bubble: a publication at the time of the South Sea crisis Bridgeman

What is the explanation? The economic historian Charles Kindleberger says a few crises have been purely national in character – for instance, the US gold panic of 1869 or the City of Glasgow Bank failure in 1878. "For the most part, however," he writes, "crisis built up in international financial structures will ricochet from country to country."*

Booms and busts are transmitted between national economies through a variety of mechanisms. Some of them are practical – shifts in bank lending, movements of money or bullion, or arbitrage in commodities or securities. But some of the connections are purely psychological. As the French banker Martin observed before plunging into South Sea stock: "When the rest of the world are mad, we must imitate them in some measure."

Events in Asia, however, are different from previous panics in at least three respects.

First, the geographic scale is potentially much greater than ever before. That is because of the way that the liberal market system has triumphed since the collapse of communism. Financial crises in the 19th century were largely confined to the western world and its empires. At the close of the 20th century, emerging markets have popped up all over the globe – and all are vulnerable to booms and busts.

Second, the quantities of money at risk are vastly greater than in the past. That is because the volume of short-term international capital flows has multiplied in what has become an era of hot money.

The great J.P. Morgan more or less single-handedly stopped the crash of 1907 by the force of his personality and his ability to raise capital. Ninety years later, the Morgan bank is actively involved in the South Korean rescue – but do not expect it to stick its neck out far. No single individual or bank can possibly stop the rot – even the International Monetary Fund does not have the resources to draw a line in the sand.

Third, there are now international lenders of last resort – the IMF and the central banks of the world's main economies. They take the view that the international banking system cannot be allowed to break down.

In the past, an old-fashioned panic generally led to old-fashioned failures.

The conclusion that the post-war decades were an exceptional period of international financial tranquillity is rather grim. The financial world seems to have three choices.

First, it could continue on the present track, accepting the fact that at irregular, but reasonably frequent, intervals it will be hit by some kind of international banking drama. The trouble is that the sums of money involved seem to get larger every time. Sooner or later, those who want to rescue the system will run out of firepower unless the principal central banks are prepared to lend without limit.

Second, it could come up with radical ideas for reshaping the international banking system by imposing new forms of regulatory discipline. George Soros, the international financier, came up with one proposal in the Financial Times last week; Martin Wolf, our economic commentator, put forward rather different solutions on Tuesday.

Both sets of ideas have their drawbacks, and it is hard to think that any important reforms could be implemented in a hurry. But this is a time for urgent thinking and public discussion.

This is because the third choice is both unpalatable and – in circumstances not too hard to foresee – politically tempting. It is to reimpose some form of exchange controls.

**Manias, Panics and Crashes: a History of Financial Crises. By Charles P. Kindleberger. Wiley Investment Classics, $19.95.*

Obituary • **Michael Tippett**

A composer of our time

With the death yesterday of Sir Michael Tippett at the age of 93, British music has lost one of its great patriarchal figures. Best known for his oratorio *A Child of Our Time* and his opera *King Priam*, Tippett may not have been a household name, but he won a degree of affection and acclaim that few composers achieve. It compensated for the fact that, as a homosexual and a pacifist, he was an outsider for much of his life and had to wait until his 60s to receive proper recognition.

Even in old age, no composer better embodied the spirit of youth. In his ideas, his music, his manner and his dress, Tippett maintained a creative vigour and youthful idealism until his late 80s, when failing eyesight began to sap his morale and energy.

He overcame this to produce *The Rose Lake* in his 90th year – an incredibly imaginative and innovatory swansong. After its premiere during a month-long Tippett festival at the Barbican in London in 1995, he closed his piano and removed his music-writing desk for ever – but kept up a hectic travel diary, attending performances of his music around the world.

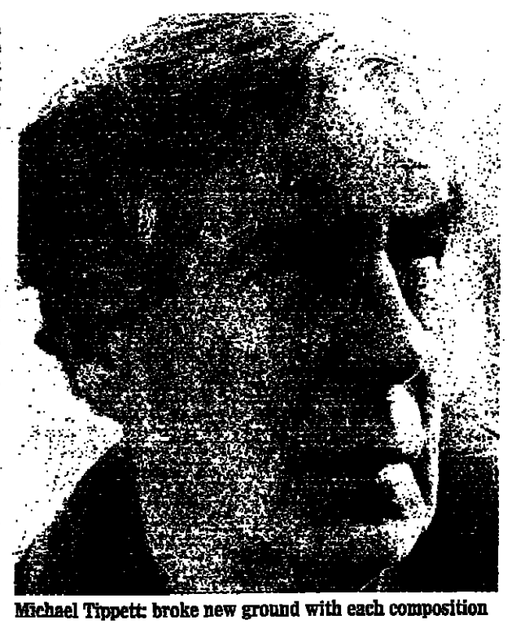
Tippett was a contradictory figure: a quintessentially English artist whose work rose above national boundaries; a composer absorbed in polyphonic counterpoint and other conservative disciplines, whose musical techniques came to embrace many aspects of modernity; and a celebrant of vital life-forces who did not shrink from grappling with the most negative features of the century.

He was long dismissed as, at best, an imaginative but impractical composer; at worst, a marginal eccentric.

The transformation of his status occurred in the 1960s, a decade more sympathetic to his anti-establishment outlook. A new generation of conductors, spearheaded by Colin Davis, was able to draw sweeping, exhilarating performances. Musicians were better equipped to cope with previously daunting difficulties in his scores. Most important of all, Tippett rose above the parochial limitations of much 20th-century English music, without losing touch with his English roots. He established no school, yet his influence on leading British composers of subsequent generations, from Birtwistle to Turnage, was immense.

Tippett was born in London in 1905. Although he learned the piano as a child, he had little musical background on which to draw at the time of his entrance into the Royal College of Music in 1928. The development of a compositional technique was slow; having left the RCM in 1928, and feeling dissatisfaction with his early efforts at composition, he re-enrolled in 1930 to study counterpoint.

He subsequently taught at a private school, and at Morley College in London, of which he was appointed director in 1940. He became involved in choral conducting and the revival of music by Purcell and Dowland, all of which was to have a powerful impact on his burgeoning artistic personality.



Michael Tippett: broke new ground with each composition

At this time his political views were leftwing. During the war his pacifist convictions led to a prison sentence (subsequently remitted) for his failure, as a conscientious objector, to undertake non-combatant military duties.

A Child of Our Time was Tippett's response to the rise of Nazism. It took the form of a modern, secular Passion, with the Lutheran chorales replaced by black American spirituals.

Completed in 1941 but not performed until after the war, it announced many traits and preoccupations which Tippett was subsequently to develop.

His next major composition was the *The Midsummer Marriage*, for which he wrote his own libretto (as he did for all his subsequent theatre and large-scale choral compositions). When first given, at Covent Garden in 1955, it was derided for the mystical mumbo-jumbo of its subject-matter, and for the multiplicity of its literary sources and influences.

Even then, however, the richness of its lyrical outpouring, its rhythmic energy and the originality of its musico-dramatic vision won it a band of passionate admirers.

For many, *The Midsummer Marriage* came to represent the supreme Tippett work. As with most of his large-scale creations, the opera left in its wake a shoal of smaller compositions – among them the Second Symphony, the Piano Concerto and the Sonata for four horns, all imbued with the same incantatory spirit.

His second opera, *King Priam* (1962), came as a shock to those who had learnt to revel in the generous melodies and refulgent sounds of *The Midsummer Marriage*. In their place came a method of composing in blocks, using hard-edged motivic and timbral contrasts and a drastic paring down of forces – features he explored further in the Concerto for Orchestra and Second Sonata.

Tippett's later operas – *The Knot Garden* (1970), *The Ice Break* (1977) and *New Year* (1989) – led to charges of modishness: he threw into his creative melting pot the language of urban slang and echoes of blues and pop, and his compositional methods relied ever more on a "cinematic" quick-change of scene and image. Yet in the theatre, the dramatic ends to which these various cullings were put tended to draw the sting of criticism.

In between these operas, Tippett twice returned to the large choral form to undertake reflections on his various mystical and cultural preoccupations.

The Visions of St Augustine (1963-65), the most passionately ecstatic and intense of all his works, concerns itself with themes of time, timelessness and the everlasting, while *The Mask of Time* (1984) is probably the grandest and most multi-inclusive conspectus of his musical styles.

He wrote four symphonies, four piano sonatas and five string quartets; the fifth quartet had its premiere in 1992. The previous year he had published a good-humoured volume of autobiography, which summed up his informal and often outrageously camp personal manner.

But Tippett will be remembered above all for his questing attitude toward social and philosophical issues, and for his determination to break new ground with each composition. As such, he ranks as one of the great adventurers of 20th-century music.

Andrew Clark

COMMODITIES AND AGRICULTURE

Gold falls to lowest for 18½ years

MARKETS REPORT

By Susanna Voyle

Commodity prices remained under pressure yesterday, with gold falling to an 18½-year low, copper hitting a new four-year low and crude oil failing to rise.

Gold fell on news of central bank sales, US jobs data and renewed silver sales. It was "fixed" in London below the recent support level of $280 a troy ounce after US payroll data showed a strong *jobs market at the end of* 1997 and little sign of inflation. The metal hit $278.70, against a morning fix of $281.90 and an afternoon level on Thursday of $281.65 – a level unmatched since the $277.50 recorded on the afternoon of June 29, 1979.

One dealer said the fall reflected gold's failure to achieve any sort of rally after losses on Thursday. "The market's been depressed all day," he said. "It tried to rally, but couldn't get above $282.00."

Silver fell again – although not by as much as the 35 per cent drop it suffered on Thursday. The metal was last at $5.70 a troy ounce, just below Thursday's London close of $5.73.

On the London Metal Exchange base metals came under renewed pressure, with copper, nickel and tin all ending down. Traders said the fundamental situation continued to deteriorate as more evidence emerged from Asia that the current economic crisis was hurting metal demand and activity.

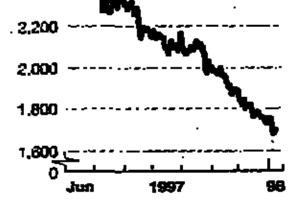
Copper prices briefly hit a fresh *four-year low of $1,665* a tonne before closing at $1,669, down $23 from Thursday's close.

Oil prices were again disappointing. Crude futures have slumped $5 a barrel since October on bearish developments, including news that Opec plans to increase production, the prospect of more oil from Iraq as the UN contemplates loosening sanctions further, and warm winter weather in the northern hemisphere.

In late trading on London's International Petroleum Exchange, Brent Blend for February delivery – the international benchmark – was at $15.72 a barrel, unchanged from Thursday's close. On the New York Mercantile Exchange, the February contract fell 25 cents to $16.72 a barrel in morning trading – close to the recent *two-year low of $16.62.*

Copper

LME 3-month metal ($ per tonne)



Source: Datastream/ICV

LME warehouse stocks*

	Tonnes	Change
Aluminium	619,425	-2,000
Aluminium alloy	42,640	-80
Copper	341,850	+450
Lead	111,325	-25
Nickel	66,138	–150
Zinc	489,850	-1,050
Tin	13,100	+45

*Thursday's close

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1997/98 High	1997/98 Low
Gold per troy oz.	$279.55	-18.70	$359.30	$369.65	$279.55
Silver per troy oz	355.00p	-6.65	282.15p	375.50p	253.30p
Aluminium 99.7% (cash)	$1468.0	-35.5	$1567	$1787.5	$1410
Copper Grade A (cash)	$1640.50	-58.25	$2412.5	$2704	$1640.50
Lead (cash)	$571.0	+41.5	$690	$725.5	$511
Nickel (cash)	$5967.5	-292.5	$7185	$8220	$5862.5
Zinc SHG (cash)	$1069.5	-20.0	$1049	$1783.5	$1044
Tin (cash)	$5225.5	-120.0	$5815	$6050	$5315
Cocoa Futures Mar	£1048	-19	£879	£1136	£847
Coffee Futures Jan	$1760	+13	$1346	$2470	$1232
Sugar (LDP Raw)	$288.60	-8.80	$267.70	$311.00	$263.00
Barley Futures Jan	£74.25	-0.25	£91.00	£96.50	£74.25
Wheat Futures Jan	£79.65	-0.85	£91.75	£102.20	£75.50
Cotton Outlook A Index	72.65c	-0.45	79.15c	82.25c	73.10c
Wool (64s Super)	380p	-9	389p	448p	387p
Oil (Brent Blend)	$15.78x	-0.71	$24.35	$24.95	$16.49

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Feb.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1467.5-8.5	1493-4
Previous	1484.5-5.5	1508-9
High/low		n/a
AM Official	1465-65.5	1489.5-90.0
Kerb close		n/a
Open int.	263,800	
Total daily turnover	56,969	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1325-35	1346-48
Previous	1345-55	1365-70
High/low		n/a
AM Official	1326-30	1347-50
Kerb close		n/a
Open int.	5,280	
Total daily turnover	1,136	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	570.5-1.5	572-3
Previous	580-2	580-1
High/low		n/a
AM Official	579-80	581-2
Kerb close		n/a
Open int.	30,632	
Total daily turnover	14,411	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5670-80	5765-70
Previous	5760-70	5855-65
High/low		n/a
AM Official	5685-95	5780-85
Kerb close		n/a
Open int.	58,601	
Total daily turnover	15,070	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5220-30	5240-50
Previous	5300-10	5310-20
High/low		n/a
AM Official	5255-60	5255-60
Kerb close		n/a
Open int.	14,237	
Total daily turnover	3,793	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1068.5-9.5	1091-92
Previous	1098-9	1120-1
High/low		n/a
AM Official	1088-8.5	1109-10
Kerb close		n/a
Open int.	77,425	
Total daily turnover	19,549	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1640-41	1669.5-70.5
Previous	1670.5-1.5	1699-700
High/low		n/a
AM Official	1644.5-5.0	1674-5
Kerb close		n/a
Open int.	150,993	
Total daily turnover	53,526	

■ LME AM Official £/$ rate: 1.6198
LME Closing £/$ rate: n/a

Spot: 1.6167 3 mths: 1.6098 6 mths: 1.6023 9 mths: 1.5954

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	74.15	–0.45	74.50	73.60	587	896
Feb	74.80	–0.55	75.20	74.50	191	2,530
Mar	75.30	–0.55	75.85	74.70	4,005	35,738
Apr	75.85	–0.55	76.30	75.80	61	1,623
May	76.30	–0.55	76.75	75.90	214	5,501
Jun	76.80	–0.55	77.20	76.60	25	1,693
Total					5,462	69,178

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	279.30-279.80		
Opening	281.60-282.00		
Morning fix	281.90	173.744	414.478
Afternoon fix	278.70	172.335	411.640
Day's High	282.40-282.80		
Day's Low	278.40-278.80		
Previous close	279.80-280.10		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....3.91 6 months 3.88
2 months ....3.89 12 months 3.86
3 months 3.89

Silver Fix	p/troy oz.	US cts equiv.
Spot	354.10	574.00
3 months	354.80	572.55
6 months	355.45	571.10
1 year	355.55	566.75
Gold Coins	**$ price**	**£ equiv.**
Krugerrand	281.5-284.5	174-176
Maple Leaf	-	-
New Sovereign	66-69	41-43

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	278.5	–2.6	283.3	283.3	10,339	2
Feb	279.1	–2.7	283.3	279.0	40,284	97,244
Apr	280.7	–2.7	284.5	280.3	2,830	15,840
Jun	282.5	–2.8	285.8	282.3	390	12,217
Aug	284.4	–2.9	286.0	285.0	268	5,407
Oct	286.2	–3.0	291.4	291.0	31	3,085
Total					54,693	189,476

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	364.1	+2.0	365.0	364.0	31	238
Apr	361.6	+2.0	363.0	360.5	1,761	10,315
Jul	358.6	+1.5	359.0	358.5	23	330
Oct	357.6	+1.5	358.0	357.0	154	157
Total					1,969	11,049

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	215.40	+6.00	215.40	215.40	1,382	3,176
Jun	212.15	+6.00	-	200.00	160	557
Sep	209.15	+6.00	-	-	-	4
Total					1,382	3,737

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	559.3	–13.5	566.0	566.0	14	29
Mar	563.8	–13.5	580.5	561.5	29,649	63,485
May	564.3	–13.5	575.5	562.0	576	7,623
Jul	563.8	–13.5	578.5	561.5	1,331	7,713
Sep	563.3	–13.5	615.0	606.0	49	1,575
Dec	562.8	–13.5	572.0	562.0	421	8,606
Total					32,071	95,276

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	16.91	–0.06	17.10	16.72	49,350	94,354
Mar	17.08	–0.08	17.26	16.90	31,027	63,684
Apr	17.28	–0.06	17.45	17.14	11,566	32,712
May	17.48	–0.04	17.58	17.35	6,231	26,161
Jun	17.68	–0.02	17.79	17.55	7,660	37,112
Jul	17.85	-	17.92	17.75	3,257	20,886
Total					116,085	418,302

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	15.70	-0.02	15.80	15.55	16,721	56,773
Mar	15.84	+0.04	16.01	15.68	21,790	68,186
Apr	16.03	+0.05	16.18	15.90	5,515	21,899
May	16.17	-	16.35	16.11	1,845	14,144
Jun	16.34	+0.02	16.51	16.29	2,838	19,863
Jul	16.50	-	16.66	16.47	488	9,997
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	47.35	–0.40	47.95	47.05	13,712	58,552
Mar	47.80	–0.41	48.40	47.60	7,380	27,070
Apr	48.15	–0.31	48.50	47.90	1,583	14,136
May	48.50	–0.11	48.70	48.20	1,739	9,445
Jun	48.75	–0.01	49.00	48.45	2,036	13,735
Jul	49.30	+0.09	49.50	49.00	632	6,846
Total					30,348	157,423

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	141.75	–2.25	144.50	141.50	13,075	13,360
Feb	143.75	–1.75	146.25	143.75	9,805	27,175
Mar	146.00	–1.00	147.75	145.50	1,548	12,334
Apr	147.75	–0.75	149.50	147.00	1,129	7,715
May	149.50	–0.50	151.00	149.00	593	3,051
Jun	151.25	–0.50	152.25	150.75	3,014	11,954
Total					28,890	220,266

■ NATURAL GAS IPE (1,000 therms; pence per therm)

Feb	13.450	–0.750	13.800	13.600	165	3,380
Mar	10.400	–0.250	10.550	10.400	180	2,075
Total					905	11,480

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	2.045	–0.001	2.080	2.031	30,851	39,711
Mar	2.055	+0.004	2.075	2.040	11,028	27,206
Apr	2.050	+0.007	2.065	2.036	4,894	13,807
May	2.060	-	2.075	2.050	1,678	10,624
Jun	2.080	+0.005	2.095	2.075	1,015	9,769
Jul	2.100	+0.005	2.110	2.095	1,292	10,401
Total					56,276	191,943

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	53.10	+0.48	53.30	52.50	10,615	36,682
Mar	53.45	+0.20	53.60	53.00	5,625	17,628
Apr	55.85	+0.15	55.90	55.40	3,219	14,517
May	55.90	+0.15	56.00	55.50	563	11,407
Jun	55.50	+0.05	55.50	55.30	1,396	8,273
Jul	54.85	–0.05	55.00	54.85	506	7,279
Total					23,465	105,927

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	79.65	–0.25	79.80	79.80	19	74
Mar	81.90	–0.45	82.25	81.75	77	3,032
May	83.90	–0.45	84.00	83.75	51	3,856
Jul	85.90	–0.45	85.95	85.95	10	482
Sep	81.00	-	-	-	-	38
Total					168	8,374

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Mar	321.00	+0.50	322.50	319.50	13,247	58,282
May	328.25	-	330.00	327.00	2,447	13,708
Jul	336.25	+0.75	337.50	334.25	2,670	20,826
Sep	341.00	-	343.50	341.00	98	1,092
Dec	352.00	-	355.00	352.00	252	3,078
Jul	358.00	+1.00	358.00	357.00	25	23
Total					18,739	330,497

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Mar	259.75	+1.25	261.50	258.00	47,981	184,868
May	266.25	+1.25	267.75	264.50	9,005	54,761
Jul	270.25	+0.75	272.00	268.75	10,231	63,942
Sep	270.50	+1.25	271.75	269.00	1,265	9,166
Dec	273.75	+0.75	275.00	272.50	4,047	34,942
Mar	279.75	+0.75	281.00	279.00	65	1,646
Total					72,757	330,497

■ BARLEY LIFFE (100 tonnes; £ per tonne)

Jan	74.25	–0.25	74.25	74.25	15	60
Mar	76.90	–0.35	77.00	77.00	32	1,425
May	77.90	–0.35	-	-	-	20
Sep	78.00	+0.25	-	-	-	6
Total					32	1,853

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Jan	664.00	+4.25	668.50	662.25	4,833	4,704
Mar	665.75	+2.75	670.00	663.00	40,300	80,461
May	669.50	+2.50	673.00	667.00	6,500	26,094
Jul	672.75	+2.50	675.50	670.25	7,993	26,645
Aug	672.00	+2.50	674.50	671.00	385	4,576
Sep	659.00	+0.50	664.50	659.00	67	368
Total					62,298	133,862

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Jan	24.80	+0.08	24.92	24.52	1,113	1,932
Mar	24.86	+0.11	25.20	24.75	13,658	58,144
May	25.13	+0.12	25.40	25.02	3,475	17,881
Jul	25.21	+0.09	25.49	25.14	2,966	13,403
Aug	25.10	+0.09	25.30	25.15	503	4,035
Sep	25.00	+0.10	25.20	25.10	153	1,586
Total					23,041	100,254

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Jan	195.4	+1.1	196.0	194.0	5,022	10,818
Mar	193.6	+0.8	194.7	192.0	13,775	44,792
May	193.7	–0.2	194.8	192.8	5,918	25,923
Jul	195.0	+0.1	196.8	195.1	3,554	17,422
Aug	196.6	+0.1	197.6	196.0	1,012	5,476
Sep	197.1	+0.3	198.5	196.5	807	4,173
Total					30,104	114,462

■ POTATOES LIFFE (20 tonnes; £ per tonne)

Mar	87.5	+5.0	-	-	-	-
Apr	107.5	+5.0	106.2	104.5	31	1,044
May	117.5	+5.0	117.0	117.0	10	87
Jun	127.5	+5.0	-	-	-	-
Nov	54.0	–2.0	-	-	-	3
Total					44	1,174

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

Jan	1205	+5	1205	1200	30	650
Feb	1200	–5	1200	1200	-	193
Mar	1220	-	1220	1220	134	146
Apr	1275	+5	1275	1270	22	456
Jul	1150	-	1150	1150	-	123
Total					68	1,623

	Close	Prev
BFI	1224	1223

PULP AND PAPER

■ PULPEX OMLX (US$; 24 air dry tons)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	486.00	–6.00	489.50	480.00	56	418
Jun	503.00	–8.00	507.00	497.50	500	279
Total					208	846

FUTURES DATA
All futures data supplied by CMS.

Spices from Man Producten

White and black pepper prices were weaker because of Asian currency weakness, coming new crops from India and Vietnam and lack of industrial demand. Black pepper prices (spot per tonne) were: FAO $4,850, grade 1 $5,000, Asta $5,100. White pepper prices (per tonne) were: $8,200 spot and $7,800 Feb/March shipment. The price of nutmegs and mace remained steady with Indonesian BWP $4,000 a tonne spot and $3,850 a tonne for shipment. Indonesian cassia spot prices were unchanged. Mexican pimento was $1,800 a tonne spot. Cloves were steady at $1,200 a tonne spot.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1048	–14	1058	1046	3,340	64,951
May	1073	–12	1080	1071	925	25,190
Jul	1094	–12	1101	1091	429	12,199
Sep	1114	–12	1123	1112	4,670	23,075
Dec	1140	–11	1148	1140	4,226	24,861
Mar	1164	–11	1171	1165	726	17,313
Total					18,898	181,337

■ COCOA CSCE (10 tonnes; $/tonnes)

Mar	1584	-	1589	1580	3,538	35,164
May	1597	–33	1622	1598	904	22,393
Jul	1630	–26	1645	1625	75	5,492
Sep	1656	–28	1671	1655	82	5,494
Dec	1688	–25	1699	1685	134	9,345
Mar	1715	–39	1725	1714	341	8,885
Total					5,074	90,391

■ COCOA (ICCO) (SDR's/tonne)

Jan 8	Price	Prev. day
Daily	1261.19	1267.65

■ COFFEE LIFFE (5 tonnes; $/tonne)

Jan	1760	–50	1840	1755	438	3,553
Mar	1745	–15	1781	1740	1,825	26,042
May	1725	–12	1769	1720	520	9,243
Jul	1715	–15	1751	1718	152	1,836
Sep	1710	–17	1745	1715	75	762
Nov	1710	–17	1652	1652	10	38
Total					3,446	41,474

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Mar	162.05	-	167.75	158.25	5,058	16,731
May	157.55	–6.20	163.50	155.00	1,543	6,132
Jul	152.50	–5.40	158.00	150.00	498	2,860
Sep	146.75	–1.50	151.00	145.00	177	1,418
Dec	142.00	–5.50	146.50	141.00	53	1,192
Mar	138.75	–5.75	146.00	146.00	12	300
Total					7,333	28,693

■ COFFEE (ICO) (US cents/pound)

Jan 8		Prev. day
Comp. daily	129.79	126.33
15 day average	128.29	128.83

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

Mar	302.8	–0.3	304.6	302.4	2,195	22,111
May	306.4	–0.2	308.1	306.0	311	8,724
Aug	308.4	-	308.5	308.5	254	5,202
Oct	303.5	–0.6	304.5	303.6	221	4,703
Dec	304.9	–0.3	305.5	305.5	23	219
Total					2,988	41,297

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	11.79	-	11.94	11.78	21,418	90,318
May	11.55	–0.09	11.71	11.54	7,425	36,276
Jul	11.33	–0.02	11.43	11.32	3,732	26,688
Oct	11.32	–0.01	11.41	11.31	4,752	30,802
Mar	11.27	–0.03	11.35	11.29	980	7,256
May	11.22	–0.04	11.30	11.28	60	1,346
Total					39,153	197,085

■ COTTON NYCE (50,000lbs; cents/lbs)

Mar	66.04	–0.86	66.40	65.30	5,649	38,685
May	67.42	–0.84	67.70	66.80	1,347	14,952
Jul	68.68	–0.68	68.90	68.10	1,297	14,844
Oct	71.10	–0.70	71.20	70.60	117	1,527
Dec	72.14	–0.62	72.35	72.00	684	14,175
Mar	73.14	–0.56	73.25	73.25	26	560
Total					9,098	85,483

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Jan	78.90	+1.15	78.90	77.00	518	403
Mar	82.05	+0.35	82.25	80.55	2,237	20,925
May	85.25	+0.30	85.20	84.00	333	6,638
Jul	88.45	+0.35	88.60	87.00	83	4,104
Sep	91.45	+0.35	89.90	89.90	97	2,018
Nov	94.20	+0.25	94.00	93.25	35	1,798
Total					3,398	37,360

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Jan 9	Jan 8	month ago	year ago
1733.3	1733.1	1786.6	1891.8

■ CRB Futures (Base: 1967 = 100)

Jan 8	Jan 7	month ago	year ago
224.90	226.60	-	-

■ GSCI Spot (Base: 1970 = 100)

Jan 8	Jan 7	month ago	year ago
169.32	170.87	185.90	228.86

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	64.250	+0.025	64.600	64.000	7,953	42,416
Apr	66.750	–0.100	66.925	66.450	5,165	31,803
Jun	67.075	+0.025	67.200	66.750	2,118	19,623
Aug	68.175	+0.100	68.300	67.875	681	7,363
Oct	70.550	+0.125	70.650	70.300	369	2,582
Dec	71.700	-	71.850	71.500	17	436
Total					16,307	104,177

■ LEAN HOGS CME (40,000lbs; cents/lbs)

Feb	57.025	+0.575	57.100	56.500	5,125	22,243
Apr	55.875	+0.475	55.875	55.300	3,108	10,945
Jun	63.450	+0.675	63.650	62.800	2,236	7,257
Jul	63.125	+0.825	63.400	62.350	292	2,165
Aug	61.500	+0.925	61.600	60.800	250	790
Oct	58.550	+0.875	58.575	57.700	171	850
Total					11,215	44,580

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	51.525	+1.200	51.600	50.150	1,227	5,410
Mar	50.500	+1.475	50.700	49.300	216	1,618
May	51.600	+1.425	51.550	50.000	131	1,156
Jul	50.825	+1.050	50.700	49.800	37	749
Aug	48.525	-	48.800	48.500	11	130
Total					1,614	9,086

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ **ALUMINIUM (99.7%) LME**	Feb	May	Feb	May
1450	46	85	17	40
1500	31	59	41	62
1550	20	39	57	91
■ **COPPER (Grade A) LME**	Feb	May	Feb	May
1650	40	87	36	57
1700	20	63	65	82
1750	9	44	103	112
■ **COFFEE LIFFE**	Jan	Mar	Jan	Mar
1650	20	-	12	-
1700	3	-	45	-
1750	-	-	92	-
■ **COCOA LIFFE**	Mar	May	Mar	May
1025	43	75	20	27
1050	29	60	31	37
1075	20	48	47	50
■ **BRENT CRUDE IPE**	Feb	Mar	Feb	Mar
1600	5	46	32	66
1650	-	-	-	-
1700	-	-	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel) +or-

Dubai	$13.32-3.42	+0.050
Brent Blend (dated)	$15.36-5.40	-0.045
Brent Blend (Feb)	$15.76-5.80	-0.045
W.T.I.	$16.93-6.95	-0.050

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$174-176	
Gas Oil	$146-148	
Heavy Fuel Oil	$75-77	
Naphtha	$157-158	-1
Jet fuel	$164-166	-3
Diesel	$150-152	-1.5

■ NATURAL GAS (Pence/therm)

Bacton (Feb)	13.40-13.50	-0.75

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

Gold (per troy oz)♣	$279.55	-0.30
Silver (per troy oz)♣	574.00c	+1.00
Platinum (per troy oz.)	$361.60	-1.90
Palladium (per troy oz.)	$216.50	+8.00
Copper	82.0c	
Lead (US prod.)	45.00c	-
Tin (Kuala Lumpur)	20.61r	
Tin (New York)	252.5	
Cattle (live weight)	92.14p	+1.21*
Sheep (live weight)	86.26p	-0.31*
Pigs (live weight)†	6.490p	-5.14*
Lon. day sugar (raw)	$288.60	+1.80
Lon. day sugar (wte)	$301.60	+1.40
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Dec)♥	54.50p	
Rubber (Jan)♥	54.50p	
Rubber (KL RSS No1)	284.0z	+3.0
Coconut Oil (Phil)§	630.0y	+25.0
Palm Oil (Malay.)§	585.0	+5.0
Copra (Phil)§	$385.0y	+5.0
Soyabeans (US)	183.5	
Cotton Outlook'A' Index	72.65c	-0.45
Wooltops (64s Super)	380p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jan/Feb. w Jan. ♥London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 3,916 head of pigs sold.

WORLD BOND PRICES

Strong Treasuries push up Europe

GOVERNMENT BONDS

By Melanie Senior in London and John Labate in New York

European markets continued to push higher, helped by strong US Treasuries and the turmoil in Asia.

GERMAN BUNDS were temporarily rocked by strong US non-farm payroll figures, but recovered to settle up 0.11 at 106.18.

Bullish market sentiment was supported by hopes of lower interest rates. However, Julian Jessop, chief European economist at Nikko Europe, warned: "Fundamentals and sentiment are sharply divergent."

UK GILTS continued to benefit from Wall Street, and long-bond yields closed at the lowest level in 30 years. The March future finished up $\frac{3}{8}$ at $113\frac{3}{4}$. The spread over bunds widened marginally to 102 basis points.

US TREASURY prices ground higher yesterday as stock markets sank lower. By midday, the benchmark 30-year bond price was $\frac{1}{16}$ up at $105\frac{21}{32}$, sending the yield lower at 5.735 per cent.

The US labour market remained tight, with the unemployment rate in December rising slightly to 4.7 per cent. Payrolls rose by 370,000 in December. A slight 0.1 per cent gain in December average hourly earnings gave analysts some ease.

"Investors are betting that the economy will slow down and the Fed will ease," said Terrence Pigott, head of government trading at Daiwa Securities America.

Shorter-term issues were also higher: the 10-year note up $\frac{1}{8}$ to $104\frac{21}{32}$, yielding 5.452 per cent; the two-year note $\frac{1}{16}$ up at $100\frac{31}{32}$, yielding 5.268 per cent. The Federal Funds rate was at 5.37 per cent.

BENCHMARK GOVERNMENT BONDS

Jan 9	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	04/00	7.000	104.0231	5.08	–0.07	–0.28	–0.22	–1.18
	10/07	10.000	131.2359	5.64	–0.10	–0.33	–0.69	–1.83
Austria	05/99	7.000	104.4700	4.18	–0.11	–0.20	–0.35	+0.40
	07/07	5.625	103.2600	5.18	–0.04	–0.23	–0.29	–0.73
Belgium	01/00	4.000	93.7200	4.15	–0.04	–0.19	–0.14	+0.56
	03/07	6.250	107.7200	5.17	–0.06	–0.28	–0.35	–0.86
Canada	03/99	4.750	99.9600	4.78	–0.04	–0.20	+0.12	+0.55
	06/07	7.250	113.6000	5.34	–0.01	–0.17	–0.39	–1.30
Denmark	12/99	6.000	103.1200	4.25	–0.10	–0.26	–0.48	+0.34
	11/07	7.000	112.3800	5.35	–0.07	–0.30	–0.50	–1.19
Finland	01/99	11.000	107.0480	3.71	–0.09	–0.26	–0.48	–0.03
	04/06	7.250	113.6930	5.14	–0.06	–0.28	–0.39	–1.15
France	01/00	4.000	99.9000	4.05	–0.07	–0.18	–0.30	+0.71
	10/04	6.750	111.0800	4.79	–0.07	–0.22	–0.37	–0.42
	10/07	5.500	103.1400	5.08	–0.06	–0.23	–0.32	–0.71
	10/25	6.000	105.2100	5.62	–0.05	–0.24	–0.31	–1.18
Germany	09/99	4.000	100.1000	3.95	–0.07	–0.18	–0.31	+0.56
	11/04	7.500	115.0200	4.86	–0.06	–0.25	–0.32	–0.55
	07/07	6.000	106.7200	5.08	–0.06	–0.24	–0.31	–0.78
	07/27	6.500	112.0800	5.65	–0.04	–0.26	–0.30	–1.10
Ireland	04/99	6.250	101.7500	4.72	–0.05	–0.26	–0.42	–1.42
	08/06	8.000	118.0200	5.38	–0.04	–0.21	–0.41	–1.47
Italy	05/00	6.000	102.9800	4.68	–0.05	–0.18	–0.42	–1.69
	05/02	6.250	105.1100	4.92	–0.08	–0.21	–0.46	–1.77
	07/07	6.750	110.2800	5.35	–0.06	–0.22	–0.42	–2.22
	11/26	7.250	119.6200	5.83	–0.04	–0.22	–0.43	–2.28
Japan	03/00	6.400	112.4600	0.62	–0.01	–0.03	+0.11	–0.12
	12/02	4.800	116.9700	1.24	–0.01	–0.05	–0.02	–0.62
	03/05	3.000	109.5700	1.67	-	–0.05	–0.04	–0.84
	09/17	3.000	107.7300	2.50	-	–0.05	–0.04	–0.81
Netherlands	11/99	7.500	105.9100	4.08	–0.02	–0.15	–0.26	+0.72
	02/07	5.750	104.9100	5.06	–0.04	–0.23	–0.31	–0.66
New Zealand	02/00	6.500	97.9208	7.61	–0.03	-	+0.22	+0.53
	11/06	8.000	107.8592	6.78	–0.06	–0.25	–0.22	–0.66
Norway	01/99	9.000	104.7800	4.23	–0.06	–0.15	–0.19	+0.37
	01/07	6.750	110.1500	5.30	–0.06	–0.21	–0.25	–0.78
Portugal	03/99	3.500	104.5727	4.45	–0.10	–0.21	–0.37	–1.43
	02/07	6.625	105.6207	5.40	–0.06	–0.21	–0.37	–1.47
Spain	07/99	7.400	104.3343	4.40	–0.06	–0.06	–0.25	–1.06
	03/07	7.350	114.2174	5.35	–0.03	–0.20	–0.35	–1.54
Sweden	01/99	11.000	105.9821	4.84	–0.10	–0.26	–0.35	+0.43
	08/07	8.000	117.5460	5.58	–0.08	–0.41	–0.58	–1.19
Switzerland	03/00	5.000	106.9500	1.69	–0.05	–0.19	–0.09	–0.28
	06/07	4.500	111.1000	3.12	–0.02	–0.16	–0.35	–0.74
UK	08/99	6.000	99.0938	6.61	–0.02	–0.19	–0.33	–0.05
	11/04	6.750	103.5000	6.12	–0.04	–0.30	–0.42	–1.32
	12/07	7.250	109.1172	6.01	–0.05	–0.27	–0.38	–1.63
	06/21	8.000	125.3906	5.97	–0.05	–0.26	–0.34	–1.84
US	10/99	5.625	100.5230	5.31	–0.01	–0.31	–0.44	–0.62
	11/04	7.875	113.8640	5.46	+0.02	–0.23	–0.44	–0.80
	06/07	6.125	104.9220	5.46	–0.01	–0.20	–0.44	–1.04
	04/27	6.375	108.1880	5.79	–0.02	–0.11	–0.35	–0.97
ECU	01/00	4.000	99.3100	4.36	–0.08	–0.26	–0.28	+0.20
	04/07	5.500	102.0800	5.21	–0.04	–0.25	–0.31	–1.10

London closing. *New York mid day. Source: Interactive Data/FT Information
Yields: Local market standard/Annualised yield basis. Yields shown for Italy exclude withholding tax at 12.5 per cent payable by nonresidents.

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
Prime rate	8½	One month	-	Two year	5.30
Broker loan rate	7¼	Two month	-	Three year	5.32
Fed.funds	5⅛	Three month	5.09	Five year	5.33
Fed.funds at intervention	-	Six month	5.18	10-year	5.45
		One year	5.19	30-year	5.74

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	102.48	102.84	+0.46	102.90	102.40	174,052	129,095
Jun	101.78	102.14	+0.48	101.96	101.78	79	2,015
Sep	101.54	101.90	+0.48	101.54	101.54	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
97	4.94	4.94	4.34	-	0.02	0.16
98	3.94	3.97	3.49	0.01	0.05	0.29
99	2.95	3.04	2.71	0.02	0.12	0.50
100	2.00	2.15	2.03	0.06	0.22	0.81
101	1.13	1.37	1.46	0.19	0.43	1.22

Est. vol. total, Calls 29,531 Puts 15,520. Previous day's open int., Calls 66,078 Puts 102,497

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	105.93	106.18	+0.30	106.36	105.85	242758	249072
Jun	105.31	105.59	+0.30	105.60	105.31	760	2449

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Apr	PUTS Jun
10600	0.51	0.84	0.77	1.10	0.33	0.66	1.18	1.51
10650	0.27	0.58	0.57	0.88	0.59	0.90	1.48	1.79
10700	0.13	0.39	0.40	0.69	0.95	1.21	1.81	2.10

Est. vol. total, Calls 38046 Puts 36242. Previous day's open int., Calls 168439 Puts 183577

■ NOTIONAL GERMAN BUND (BOBL) FUTURES
(DTB) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	104.90	105.04	+0.05	105.09	104.83	225,379	195,691

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES
(LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	117.05	117.52	+0.38	117.60	117.02	66307	120998
Jun	116.69	116.90	+0.39	116.90	116.69	1127	8201

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
11750	0.78	1.11	0.78	1.71
11800	0.54	0.91	1.02	2.01
11850	0.36	0.74	1.34	2.34

Est. vol. total, Calls 10018 Puts 5075. Previous day's open int., Calls 48805 Puts 50743

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	107.18	107.38	+0.19	107.57	107.10	112,989	104,779

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	123-16	123-24	+0-12	123-30	123-09	77883	187423
Jun		107-28	+0-11			0	2019

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Apr	PUTS Jun
123	1-09	1-36	0	0	0-25	0-52	15-12	15-12
124	0-38	1-04	0	0	0-52	1-20	16-12	16-12
125	0-15	0-45	0	0	1-31	1-61	17-12	17-12

Est. vol. total, Calls 10219 Puts 3530. Previous day's open int., Calls 75402 Puts 23535

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	101.72	102.02	+0.40	101.94	101.70	473	5,752

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	122-30	122-15	-	123-02	122-05	477,491	710,544
Jun	122-15	122-04	-	122-20	122-00	7,301	38,011
Sep	122-05	122-11	-	-	-	1,517	5,569

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES
(LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	130.23			130.29	130.15	950	na
Jun	129.57			129.57	129.57	10	na

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FTSE Actuaries Govt. Securities

UK Gilts Price Indices	Fri Jan 9	Day's change %	Thu Jan 8	Accrued interest	xd adj ytd
1 Up to 5 years (19)	120.36	0.14	120.19	2.09	0.61
2 5-15 years (21)	161.58	0.32	161.06	1.98	0.44
3 Over 15 years (4)	198.44	0.50	197.46	2.28	0.00
4 Irredeemables (4)	246.55	0.80	244.60	2.63	0.00
5 All stocks (48)	154.08	0.30	153.60	2.13	0.46

UK Indices

Index-linked	Fri Jan 9	Day's change %	Thu Jan 8	Accrued interest	xd adj ytd
6 Up to 5 years (2)	213.43	0.08	213.27	1.72	0.00
7 Over 5 years (10)	218.20	0.19	217.79	1.49	0.58
8 All stocks (12)	216.62	0.18	216.23	1.50	0.53

Yields	Low coupon yield Jan 9	Jan 8	Yr ago	High	Low	Medium coupon yield Jan 9	Jan 8	Yr ago	High	Low	High coupon yield Jan 9	Jan 8	Yr ago	High	Low
5 yrs	6.17	6.22	7.30	7.48 1/4	6.17 9/1	6.26	6.31	7.36	7.53 1/4	6.26 9/1	6.30	6.35	7.40	7.61 30/4	6.30 9/1
15 yrs	6.00	6.05	7.81	8.19 30/4	6.00 9/1	6.01	6.05	7.80	8.20 30/4	6.01 9/1	6.12	6.17	7.71	8.29 30/4	6.12 9/1
20 yrs	6.00	6.05	7.89	8.26 30/4	6.00 9/1	6.00	6.04	7.85	8.25 30/4	6.00 9/1	6.12	6.16	7.72	8.33 30/4	6.12 1/1
Irred.†	6.12	6.16	7.97	8.30 30/4	6.12 9/1										

Index-linked	Inflation rate 5% Jan 9	Jan 8	Yr ago	High	Low	Inflation rate 10% Jan 9	Jan 8	Yr ago	High	Low
Up to 5 yrs	3.04	3.04	3.26	3.72 5/8	2.94 13/2	2.33	2.33	2.60	3.07 5/8	2.16 15/12
over 5 yrs	3.01	3.02	3.60	3.72 19/6	2.95 5/1	2.81	2.82	3.43	3.50 19/6	2.74 15/12

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.
Base values: UK Gilts Indices 31/12/75 = 100.00 and Index-Linked 30/4/82 = 100.00. * 1997/98 highs and lows.

FT Fixed Interest Indices

	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Yr ago	High*	Low*
Govt. Secs. (UK)	103.65	103.34	103.07	103.00	102.68	93.73	103.65	93.31
Fixed Interest	138.39	137.94	137.51	137.25	136.74	115.72	138.39	115.32

* for 1997/98. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 138.39 (09/01/98), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

UK GILTS PRICES

Notes		Yield Int	Yield Red	Price £	+ or –	1997/98 High	1997/98 Low
Shorts" (Lives up to Five Years)							
Treas 4¾pc 1998‡‡		3.98	6.99	116 1/16	—	116 1/2	113 13/16
Exch 9¾pc 1998		9.75	7.10	100 1/32	—	103 1/4	100 1/32
Treas 7¼pc 1998‡‡		7.25	7.19	100	—	101 1/8	100
Treas 15½pc '98‡‡		14.65	7.04	105 13/16	-1/32	114 1/2	105 13/16
Exch 12pc 1998		11.53	7.00	104 1/16	-1/32	108 3/8	104 1/16
Treas 9½pc 1999‡‡		9.27	6.93	102 1/2	—	105 3/4	102 1/4
Treas Flg Rate 1999‡‡		-	-	100 1/4	—	100 3/8	100 1/8
Exch 12¼pc 1999		11.54	6.84	106 1/8	-1/32	111 1/2	106 1/8
Treas 10½pc 1999		10.02	6.72	104 13/16	+1/32	106 3/4	104 1/2
Treas 6pc 1999‡‡		6.05	6.61	99 1/8	+1/32	99 1/8	96 13/16
Conv 10¼pc 1999		9.65	6.63	106 1/4	+1/32	109 1/8	105 13/16
Treas 8½pc 2000	✠	8.20	6.56	103 1/2	+1/32	104 1/8	102 11/16
Conv 9pc 2000‡‡		8.59	6.59	104 13/16	+1/32	106 1/2	103 1/2
Treas 13pc 2000		11.35	6.60	114 5/8xd	+1/32	118 1/8	113 5/8
Treas 14pc 1998-1		13.67	7.11	102 13/32	-1/32	110 1/4	102 13/32
Treas 8pc 2000‡‡		7.69	6.46	104 1/16	+1/32	104 1/2	102 1/4
Treas Flg Rate 2001		-	-	100 1/8	—	100 1/4	100 1/8
Treas 10pc 2001		9.12	6.52	109 5/8	+1/8	112 5/8	99 13/16
Conv 9½pc 2001‡‡	✠	8.71	6.54	109 1/8xd	+1/8	109 13/16	107 1/2
Conv 9¾pc 2001	✠	8.86	6.54	110 1/8	+1/8	110 1/2	108 1/4
Treas 7pc 2001 ‡‡		6.85	6.35	102 1/4	+1/8	102 1/4	98 3/4
Exch 12pc 1999-2	✠	11.45	7.01	104 1/2	-1/32	109 1/8	104 1/2
Conv 10pc 2002	✠	8.81	6.30	113 1/2	+1/8	113 1/2	108 1/2
Treas 7pc 2002‡‡		6.81	6.26	102 1/2	+1/8	102 1/2	97 1/2
Five to Fifteen Years							
Conv 9½pc 2002	✠	8.47	6.31	112 1/8	+1/8	112 1/8	108 1/8
Treas 9¾pc 2002		8.59	6.32	113 1/2	+1/8	122 1/4	109 1/2
Exch 9pc 2002	✠	8.11	6.34	110 1/2	+1/8	111 1/8	106 1/4
Conv 9¾pc 2003‡‡	✠	8.47	6.35	115 1/8	+1/8	115 1/8	110 1/2
Treas 8pc 2003‡‡		7.40	6.20	108 1/8	+1/8	108 1/8	102 1/8
Treas 13¾pc 2000-3		11.81	6.57	116 1/4	+1/16	119 3/4	115 1/2

Notes		Yield Int	Yield Red	Price £	+ or –	1997/98 High	1997/98 Low
Treas 10pc 2003		8.50	6.23	117 19/32	+1/8	117 3/4	111 3/8
Treas 11½pc 2001-4		10.07	6.51	114 1/8	+1/8	118 1/2	112 1/8
Treas 10pc 2004	✠	8.38	6.26	119 1/8	+1/8	119 1/8	113
Funding 3½pc 1999-4		3.82	5.02	91 5/8xd	+1/8	91 5/8	82 1/2
Conv 9½pc 2004		8.03	6.15	118 1/4	+1/4	118 1/4	109 1/2
Treas 6¾pc 2004‡‡		6.52	6.11	103 1/2	+1/4	103 1/2	94 7/8
Conv 9½pc 2005		7.96	6.15	119 1/8	+1/4	122 1/2	110 1/2
Exch 10½pc 2005	✠	8.33	6.18	126 1/8	+1/8	126 1/8	117 1/8
Treas 12½pc 2003-5		9.60	6.25	130 1/4	+1/8	130 1/2	124 1/2
Treas 8½pc 2005‡‡		7.40	6.09	114 1/2	+1/4	114 1/2	104 1/2
Conv 9¾pc 2006	✠	7.81	6.07	124 7/8	+1/2	124 7/8	113 1/2
Treas 7½pc 2006‡‡		6.83	6.05	109 1/2	+1/8	109 1/2	98 1/2
Treas 7¾pc 2006‡‡		6.98	6.10	110 1/2	+1/8	110 1/2	99 1/2
Treas 8pc 2002-6‡‡		7.50	6.34	106 5/8	+1/8	106 5/8	100 1/2
Treas 11¾pc 2003-7		9.54	6.28	123 1/8	+1/8	123 1/2	115 1/2
Treas 8½pc 2007‡‡		7.25	6.08	117 1/8	+1/2	117 1/8	105 1/8
Treas 7¼pc 2007‡‡		6.64	6.01	109 1/4	+1/8	109 1/4	98 1/8
Treas 13½pc 2004-8	✠	9.91	6.34	136 1/8	+1/8	136 1/2	131 1/8
Treas 9pc 2008‡‡		7.27	5.97	123 3/4	+1/8	123 3/4	108 1/2
Treas 8pc 2009		6.87	6.02	116 1/4	+1/8	116 1/4	101
Treas 6¼pc 2010‡‡		6.13	6.03	101 1/2	+1/2	101 1/2	86 1/4
Conv 9pc Ln 2011 ‡‡		7.09	6.04	127xd	+1/2	127	109 1/2
Treas 9pc 2012‡‡		7.02	6.05	128 1/8xd	+1/2	128 1/8	109 1/4
Treas 5½pc 2008-12‡‡		5.73	5.92	95 1/2	+1/2	95 1/2	80 1/2
Treas 7¾pc 2012-15‡‡		6.72	6.10	115 1/2	+1/4	115 1/2	98 1/2
Over Fifteen Years							
Treas 8pc 2013‡‡		6.70	6.08	119 1/2	+1/2	119 1/2	100 1/2
Treas 8pc 2015‡‡		6.57	5.99	121 1/2	+1/2	121 1/2	101 1/2
Treas 8¾pc 2017‡‡		6.67	6.02	131 1/8	+1/2	131 1/8	103 1/2
Exch 12pc 2013-17	✠	7.53	6.11	159 1/2	+1/2	159 1/2	138 1/8
Treas 8pc 2021‡‡		6.38	5.98	125 1/2	+1/8	125 1/2	101 1/2
Undated							
Consols 4pc		6.30	-	63 1/4	+1/8	63 1/4	49 1/2
War Loan 3½pc‡‡		6.08	-	57 1/2	+1/2	57 1/2	43 1/2
Conv 3½pc '61 Aft		4.72	-	74 1/4	+1	78 1/4	60 1/2
Treas 3pc '66 Aft		6.54	-	45 7/8	+1/8	45 7/8	36 1/2
Consols 2½pc		6.12	-	40 7/8xd	+1/8	40 7/8	31 1/2
Treas. 2½pc		6.27	-	39 7/8	+1/8	39 1/2	30 1/2

Notes		Yield (1)	Yield (2)	Price £	+ or –	1997/98 High	1997/98 Low
Index-Linked	(b)						
2½pc '99	✠	2.50	3.06	186 1/8	+1/8	188 1/2	179 1/2
2½pc '01	(78.3)	3.03	3.32	195	+1/8	195 1/4	184 1/8
2½pc '03	(78.8)	3.01	3.21	192 5/8	+1/8	193 1/8	180 1/2
4⅜pc '04‡‡	(135.6)	2.98	3.15	124 1/2	+1/8	124 1/2	117 1/2
2pc '06	(69.5)	3.01	3.14	207	+1/4	207 1/2	190
2½pc '09	(78.8)	2.98	3.10	188 1/8	+1/8	189 1/8	170 1/2
2½pc '11	(74.6)	3.00	3.09	198 1/2	+1/8	198 1/8	176 1/4
2½pc '13	(89.2)	3.00	3.08	163 1/2	+1/8	164 1/4	144 1/2
2½pc '16	(81.6)	3.00	3.08	176 1/4	+1/2	176 1/8	153 1/2
2½pc '20	(83.0)	3.02	3.08	171 1/4	+1/2	173 1/8	147 1/2
2½pc '24‡‡	(97.7)	3.01	3.07	144 1/8	+1/2	145 1/4	122 1/8
4⅛pc '30‡‡	(135.1)	3.00	3.05	141 7/8	+1/2	143 1/8	119 1/2

Prospective real redemption rate on projected inflation of (1) 5% and (2) 3%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for April 1997: 156.3 and for November 1997: 159.8.

Other Fixed Interest

Notes		Yield Int	Yield Red	Price £	+ or –	1997/98 High	1997/98 Low
Asian Dev 10¼pc 2009		8.00	6.62	128 1/8	—	129 1/4	115 1/2
B'ham 11½pc 2012		8.07	6.90	142 1/2	—	142 1/2	125 1/2
Leeds 13½pc 2006		9.47	-	142 1/2	—	144 1/2	132 1/2
Liverpool 3½pc Irred		6.86	-	51	—	51	37 1/2
LCC 3pc '20 Aft		6.67	-	45	—	45	35
Manchester 11½pc 2007		8.61	6.82	133 1/2	—	133 1/2	121 1/2
Met. Wtr. 3pc 'B'		3.45	5.75	87	—	87	79
N'wide Anglia 3⅞pc 2021		-	3.58	167 1/4xd	—	169 1/2	142 1/2
4⅛pc IL 2024		-	3.73	158 1/2	—	160 1/2	137 1/4

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real Index-Linked redemption yields are calculated by HSBC Greenwell from Bank of England closing prices. ✠ Indicative price.

CURRENCIES AND MONEY

Dollar drifts

MARKETS REPORT

By Richard Adams

The US dollar ended a stormy week on a quieter note yesterday, falling in late trading against the Japanese yen and the D-Mark on international currency markets.

The dollar benefited from higher than expected domestic employment figures and some pessimistic German unemployment data. Against the D-Mark in London it closed slightly higher than on Thursday, only for gains to be eroded during trading in New York. In London, the dollar closed Y1.1 lower against the Japanese currency, at Y131.52.

The embattled Indonesian rupiah made a recovery during Asian trading hours, but weakened in Europe. Dealers said the rupiah was helped by talk the government in Jakarta would impose controls on foreign exchange trading as one way of shoring up the currency. This may have forced traders to close outstanding rupiah positions, they said.

The Bank of Canada intervened in the markets again yesterday, and sold Canadian dollars for US dollars as the currency traded at the C$1.4215 level, dealers said.

■ Thailand stepped up scrutiny of foreign exchange trade and threatened heavier penalties against violators, to try to end speculation against its currency, the baht.

The Thai central bank said commercial banks could have their foreign exchange licenses revoked if they could not produce documentary evidence that their currency sales were non-speculative and trade related. Its officials plan random on-site inspections at commercial banks to stop speculation.

The measures failed to help the baht, which fell against the dollar to Bt54.22 after the announcement.

■ Donald Tsang, Hong Kong's financial secretary, said that market volatility would prevent interest rates there from falling soon.

Yesterday, large banks increased their prime lending rates 75 basis points to 10.25 per cent after the market closed, saying they were prompted by higher interbank rates.

Dealers said that as long as currency turmoil continued, the Hong Kong dollar would be vulnerable to speculative attack, forcing rates up to defend the currency.

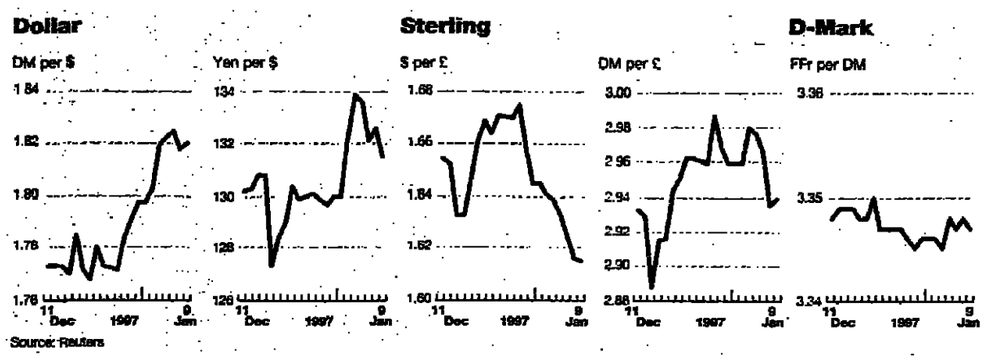
■ The Irish punt has fallen to its lowest level against the D-Mark for 14 months, since the start of the year. The high interest rates imposed to slow the buoyant Irish economy and the recent strength of sterling have forced the punt well above its central rate within the European exchange rate mechanism last year. That led analysts to expect a revaluation within the ERM before the launch of the single currency.

But – as the start of monetary union moves closer – expectations of a revaluation have dimmed. Don Smith, international markets economist at HSBC in London, said: "We think it unlikely that the punt will be revalued, even if sterling stays strong."

Revaluation would bear down on inflation, but would diminish Ireland's competitiveness within the single currency. "Given that Ireland's policy of entering Emu already carries a significant risk of a major loss of competitiveness against the UK – its major trading partner – the cost simply appears too high," Mr Smith said.

■ Pound in New York

Jan 9	Latest	Prev. close
£ spot	1.6150	1.6135
1 mth	1.6125	1.6110
3 mth	1.6075	1.6065
1 yr	1.5880	1.5867



Source: Reuters

POUND SPOT FORWARD AGAINST THE POUND

Jan 9		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng Index
Europe													
Austria	(Sch)	20.6793	+0.0236	695 - 891	20.7413	20.5684	20.6143	3.6	20.4894	3.7	20.0099	3.2	102.5
Belgium	(BFr)	60.6476	+0.0848	046 - 906	60.8100	60.3370	60.4457	4.0	60.0636	3.9	58.5951	3.4	101.9
Denmark	(DKr)	11.1935	+0.0155	884 - 986	11.2236	11.1323	11.1594	3.7	11.0944	3.5	10.8521	3.0	104.4
Finland	(FM)	8.9026	+0.0104	970 - 081	8.9250	8.8560	8.872	4.1	8.8153	3.9	8.6053	3.3	80.6
France	(FFr)	9.8394	+0.0103	341 - 447	9.8661	9.7868	9.8073	3.9	9.7464	3.8	9.5007	3.4	105.4
Germany	(DM)	2.9395	+0.0034	382 - 408	2.9495	2.9233	2.9297	4.0	2.9114	3.8	2.8399	3.4	103.0
Greece	(Dr)	464.978	+0.518	737 - 219	465.930	458.052	470.316	-13.8	480.215	-13.1	506.097	-8.8	65.1
Ireland	(I£)	1.1788	-0.004	773 - 803	1.1844	1.1765	1.1779	0.9	1.1746	1.4	1.15	2.4	93.1
Italy	(L)	2888.85	+2.22	735 - 035	2898.45	2874.27	2885.94	1.2	2878.26	1.5	2824.84	2.2	75.6
Luxembourg	(LFr)	60.6476	+0.0848	046 - 906	60.8100	60.3370	60.4457	4.0	60.0636	3.9	58.5951	3.4	101.9
Netherlands	(Fl)	3.3130	+0.0043	111 - 148	3.3218	3.2953	3.3018	4.1	3.2806	3.9	3.2001	3.4	101.2
Norway	(NKr)	12.0671	-0.0122	612 - 730	12.1206	12.0022	12.028	3.9	11.9551	3.7	11.7067	3.0	97.9
Portugal	(Es)	300.676	+0.531	504 - 852	301.380	298.097	300.075	2.4	298.791	2.5	292.344	2.8	91.5
Spain	(Pta)	249.203	+0.414	054 - 353	250.120	247.940	248.666	2.6	247.542	2.7	242.257	2.8	76.6
Sweden	(SKr)	12.9118	-0.0602	021 - 214	12.9697	12.8961	12.881	2.9	12.8246	2.7	12.6194	2.3	84.9
Switzerland	(SFr)	2.3848	+0.008	832 - 863	2.3902	2.3728	2.372	6.4	2.3487	6.1	2.2544	5.5	107.9
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	103.6
Ecu	-	1.4883	+0.0013	871 - 895	1.4927	1.4818	1.4844	3.2	1.4767	3.1	1.4453	2.9	-
SDR†	-	1.216530	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6140	-0.002	134 - 146	1.6236	1.6121	-	-	-	-	-	-	-
Brazil	(R$)	1.8041	-0.0026	034 - 047	1.8147	1.8025	-	-	-	-	-	-	-
Canada	(C$)	2.2987	-0.0163	976 - 998	2.3175	2.2943	2.2929	3.1	2.2825	2.8	2.2447	2.3	83.1
Mexico	(New Peso)	13.0533	-0.0024	411 - 654	13.1130	12.9305	13.1892	-12.5	13.4457	-12.0	14.5434	-11.4	-
USA	($)	1.6149	-0.0014	144 - 154	1.6239	1.6130	1.6124	1.8	1.6077	1.8	1.588	1.7	109.9
Pacific/Middle East/Africa													
Australia	(A$)	2.5024	-0.0384	006 - 041	2.5514	2.4983	2.4974	2.4	2.487	2.5	2.4449	2.3	85.1
Hong Kong	(HK$)	12.5147	-0.0036	100 - 194	12.5771	12.4951	12.6167	-9.8	12.7801	-8.5	13.4183	-7.2	-
India	(Rs)	64.0954	+0.0171	594 - 314	64.5180	64.1020	-	-	-	-	-	-	-
Israel	(Shk)	5.7484	-0.0057	415 - 553	5.7553	5.7358	-	-	-	-	-	-	-
Japan	(Y)	212.400	-1.97	261 - 538	214.350	211.480	211.16	7.0	208.755	6.9	198.495	6.5	118.5
Malaysia	(M$)	7.4366	-0.1358	262 - 470	7.7221	7.3787	7.4455	-1.4	7.4917	-3.0	7.7656	-4.4	-
New Zealand	(NZ$)	2.8255	-0.0209	229 - 281	2.8683	2.8198	2.8295	-1.7	2.8356	-1.4	2.8582	-1.1	101.6
Philippines	(Peso)	72.1861	-0.4263	830 - 892	72.2892	71.1268	73.0367	-14.1	74.589	-13.3	82.3072	-14.0	-
Saudi Arabia	(SR)	6.0599	-0.0057	572 - 626	6.0929	6.0536	6.0522	1.5	6.038	1.4	5.979	1.3	-
Singapore	(S$)	2.8640	-0.0155	607 - 673	2.8885	2.8486	2.9202	-23.5	2.9637	-13.9	3.0387	-6.1	-
South Africa	(R)	7.9760	-0.0142	711 - 809	8.0109	7.9659	8.0325	-8.5	8.1275	-7.6	8.4985	-6.6	-
South Korea	(Won)	2921.36	+32.22	561 - 710	2938.39	2887.27	-	-	-	-	-	-	-
Taiwan	(T$)	55.1101	-0.4292	591 - 611	55.3831	55.0078	55.0448	1.4	54.9151	1.4	54.3725	1.3	-
Thailand	(Bt)	87.5681	+1.156	563 - 778	88.1350	84.2300	88.1052	-7.4	88.8633	-5.9	91.6706	-4.7	-

† Rates for Jan 8. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, offer, mid spot rates and forward rates in both this and the Dollar table are derived from THE WM/REUTERS CLOSING SPOT and FORWARD RATE services. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 9		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	12.8053	+0.0257	032 - 074	12.8400	12.7120	12.7943	2.0	12.7449	1.9	12.6003	1.6	102.4
Belgium	(BFr)	37.5550	+0.085	400 - 700	37.6350	37.2900	37.4865	2.2	37.361	2.1	36.8975	1.8	101.3
Denmark	(DKr)	6.9314	+0.0156	304 - 324	6.9494	6.8912	6.9207	1.8	6.901	1.8	6.8337	1.4	103.7
Finland	(FM)	5.5126	+0.0112	110 - 145	5.5248	5.4735	5.5022	2.3	5.4834	2.1	5.4188	1.7	80.2
France	(FFr)	6.0929	+0.0117	915 - 943	6.1097	6.0480	6.0822	2.1	6.0625	2.0	5.9864	1.7	104.8
Germany	(DM)	1.8203	+0.0037	200 - 205	1.8254	1.8072	1.817	2.2	1.8111	2.0	1.7684	1.8	102.1
Greece	(Dr)	287.930	+0.57	870 - 990	288.530	283.140	291.675	-15.6	298.705	-15.0	318.69	-10.7	64.8
Ireland	(I£)	1.3700	+0.0035	686 - 713	1.3752	1.3655	1.369	0.9	1.3687	0.4	1.381	-0.8	-
Italy	(L)	1788.88	+2.93	850 - 925	1793.25	1776.25	1789.78	-0.6	1790.36	-0.3	1778.88	0.6	75.4
Luxembourg	(LFr)	37.5550	+0.085	400 - 700	37.6350	37.2900	37.4865	2.2	37.361	2.1	36.8975	1.8	101.9
Netherlands	(Fl)	2.0515	+0.0044	510 - 520	2.0568	2.0367	2.0476	2.3	2.0406	2.1	2.0151	1.8	101.1
Norway	(NKr)	7.4724	-0.001	710 - 737	7.4949	7.4180	7.4585	2.1	7.4365	1.9	7.3718	1.3	97.1
Portugal	(Es)	186.190	+0.49	140 - 240	186.510	184.090	186.097	0.6	185.855	0.7	184.09	1.1	92.1
Spain	(Pta)	154.315	+0.39	270 - 360	154.680	153.240	154.215	0.8	153.977	0.9	152.55	1.1	76.3
Sweden	(SKr)	7.9954	-0.0303	919 - 989	8.0293	7.9691	7.9884	1.1	7.9772	0.9	7.9465	0.6	84.2
Switzerland	(SFr)	1.4767	+0.0062	762 - 772	1.4805	1.4669	1.471	4.6	1.4609	4.3	1.4195	3.9	107.8
UK	(£)	1.6149	-0.0014	144 - 154	1.6239	1.6130	1.6124	1.8	1.6077	1.8	1.588	1.7	104.1
Ecu	-	1.0851	-0.0019	845 - 856	1.0923	1.0820	1.0863	-1.4	1.0887	-1.3	1.0988	-1.3	-
SDR†	-	0.74979	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9995	-0.0003	994 - 995	0.9995	0.9994	-	-	-	-	-	-	-
Brazil	(R$)	1.1172	-0.0006	171 - 172	1.1186	1.1171	-	-	-	-	-	-	-
Canada	(C$)	1.4235	-0.0088	232 - 237	1.4305	1.4215	1.4221	1.2	1.4199	1.0	1.4136	0.7	83.0
Mexico	(New Peso)	8.0830	+0.0055	780 - 880	8.0890	8.0780	8.1795	-14.3	8.3635	-13.9	9.158	-13.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	111.0
Pacific/Middle East/Africa													
Australia	(A$)	1.5495	-0.0212	489 - 501	1.5501	1.5489	1.5487	0.6	1.5461	0.9	1.5354	0.9	85.1
Hong Kong	(HK$)	7.7495	+0.0045	490 - 500	7.7500	7.7420	7.8245	-11.6	7.9495	-10.3	8.4495	-9.0	-
India	(Rs)	39.6900	+0.045	800 - 000	39.7450	39.6500	-	-	-	-	-	-	-
Israel	(Shk)	3.5596	-0.0004	564 - 628	3.5628	3.5507	-	-	-	-	-	-	-
Japan	(Y)	131.525	-1.105	480 - 570	132.620	130.560	130.96	5.2	129.85	5.1	124.995	5.0	119.4
Malaysia	(M$)	4.6050	-0.08	000 - 100	4.7800	4.5570	4.6175	-3.3	4.66	-4.8	4.89	-6.2	-
New Zealand	(NZ$)	1.7496	-0.0114	486 - 507	1.7507	1.7486	1.7527	-2.1	1.7581	-1.9	1.7769	-1.6	-
Philippines	(Peso)	44.7000	-0.225	500 - 500	44.8000	43.8000	45.295	-16.0	46.396	-15.2	51.8285	-15.9	-
Saudi Arabia	(SR)	3.7525	-0.0003	520 - 530	3.7530	3.7515	3.7534	-0.3	3.7558	-0.4	3.765	-0.3	-
Singapore	(S$)	1.7735	-0.008	720 - 750	1.7880	1.7620	1.811	-25.4	1.8435	-15.8	1.9135	-7.9	-
South Africa	(R)	4.9390	-0.0045	375 - 405	4.9485	4.9260	4.9815	-10.3	5.0565	-9.4	5.3515	-8.4	-
South Korea	(Won)	1809.00	+21.5	600 - 200	1820.00	1790.00	-	-	-	-	-	-	-
Taiwan	(T$)	34.1260	-0.236	050 - 470	34.3010	34.0500	34.137	-0.4	34.1585	-0.4	34.2385	-0.3	-
Thailand	(Bt)	54.2250	+0.75	500 - 000	54.6000	52.1000	54.64	-9.2	55.275	-7.7	57.725	-6.5	-

† SDR rate per $ for Jan 8. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jan 7: Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

January 9	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	3⅝	3½	3⅝	3¾	3⅞	6.00	2.75	-
France	3⅝	3½	3⅝	3¾	3⅞	4.60	-	3.30
Germany	3½	3⁹⁄₁₆	3⅝	3¾	3⅞	4.50	2.50	3.30
Ireland	6⅜	6¼	6	5⅞	5	-	-	6.75
Italy	6½	6⅛	5⅞	5⅝	5½	7.00	5.50	6.23
Netherlands	3⅝	3½	3⅝	3¾	4	-	2.75	3.30
Switzerland	½	1¼	1¼	1¼	1½	-	1.00	-
US	5¼	5½	5⅝	5⅝	5¾	-	5.00	-
Japan	½	¾	½	½	½	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅝	5⅝	5⅝	5¾	-	-	-
US Dollar CDs	-	5.39	5.42	5.47	5.50	-	-	-
ECU Linked Ds	-	4¼	4⅜	4⅜	4⅜	-	-	-
SDR Linked Ds	-	3⅞	3⅞	3⅞	4⅛	-	-	-

$ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 9	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3⁵⁄₁₆ - 3¼	3¹³⁄₃₂ - 3⁵⁄₁₆	3½ - 3⅜	3⅝ - 3½	3²³⁄₃₂ - 3²¹⁄₃₂	3⅞ - 3²⁵⁄₃₂
Danish Krone	3²¹⁄₃₂ - 3¹⁹⁄₃₂	3¹⁹⁄₃₂ - 3¹⁷⁄₃₂	3¹⁹⁄₃₂ - 3¹⁷⁄₃₂	3⅞ - 3²⁵⁄₃₂	4¹⁄₁₆ - 3³¹⁄₃₂	4¼ - 4⅛
German Mark	3⁵⁄₁₆ - 3³⁄₁₆	3¹¹⁄₃₂ - 3⁹⁄₃₂	3¹⁵⁄₃₂ - 3¹³⁄₃₂	3¹⁹⁄₃₂ - 3½	3²³⁄₃₂ - 3²¹⁄₃₂	3²⁹⁄₃₂ - 3¹³⁄₁₆
Dutch Guilder	3⁵⁄₁₆ - 3¼	3¹³⁄₃₂ - 3¹¹⁄₃₂	3¹⁵⁄₃₂ - 3¹³⁄₃₂	3½ - 3⁷⁄₁₆	3²¹⁄₃₂ - 3¹⁹⁄₃₂	3⅞ - 3¾
French Franc	3⁷⁄₁₆ - 3¹¹⁄₃₂	3⅝ - 3¹⁵⁄₃₂	3²³⁄₃₂ - 3²¹⁄₃₂	4¼ - 4	4⁵⁄₃₂ - 4¹⁄₁₆	4¼ - 4
Portuguese Esc	4²¹⁄₃₂ - 4¹⁹⁄₃₂	5³⁄₁₆ - 5¹⁄₁₆	5⅛ - 5¹⁄₁₆	4¹⁵⁄₁₆ - 4⅞	4¹¹⁄₁₆ - 4¹⁹⁄₃₂	4⅝ - 4½
Spanish Peseta	4¾ - 4²¹⁄₃₂	4²⁵⁄₃₂ - 4²³⁄₃₂	4¾ - 4²¹⁄₃₂	4¹¹⁄₁₆ - 4²¹⁄₃₂	4¹⁹⁄₃₂ - 4½	4¹³⁄₃₂ - 4¹¹⁄₃₂
Sterling	7⁵⁄₁₆ - 7³⁄₁₆	7⁵⁄₁₆ - 7³⁄₁₆	7¹³⁄₃₂ - 7¹¹⁄₃₂	7⁹⁄₁₆ - 7⁷⁄₁₆	7⁹⁄₁₆ - 7⁷⁄₁₆	7⁹⁄₁₆ - 7⁷⁄₁₆
Swiss Franc	¾ - ¼	1¹⁄₁₆ - ¾	1⅛ - 1	1³⁄₁₆ - 1¹⁄₁₆	1³⁄₁₆ - 1¹⁄₁₆	1¹¹⁄₃₂ - 1⁷⁄₃₂
Canadian Dollar	4¹¹⁄₃₂ - 4⁷⁄₃₂	4¹¹⁄₃₂ - 4⁷⁄₃₂	4¹⁵⁄₃₂ - 4¹¹⁄₃₂	4¹⁹⁄₃₂ - 4¹⁵⁄₃₂	4¾ - 4⅝	4³¹⁄₃₂ - 4²⁷⁄₃₂
US Dollar	5⅝ - 5⁷⁄₁₆	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5²³⁄₃₂ - 5¹⁹⁄₃₂
Italian Lira	6⅜ - 5⅞	6¾ - 6⅛	6¹³⁄₃₂ - 6⁵⁄₁₆	5¹⁵⁄₁₆ - 5⅞	5⅝ - 5¹⁷⁄₃₂	5⅛ - 5
Japanese Yen	½ - ⅜	¹¹⁄₁₆ - ⁹⁄₁₆	⁹⁄₁₆ - ⁷⁄₁₆	⁹⁄₁₆ - ⁷⁄₁₆	⁹⁄₁₆ - ⁷⁄₁₆	¹³⁄₃₂ - ⅜
Asian $Sing	5 - 4	55 - 20	35 - 20	25 - 13	20 - 10	16 - 8

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF)Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.31	96.33	+0.06	96.34	96.30	26,286	80,963
Jun	96.17	96.22	+0.07	96.22	96.17	14,839	43,110
Sep	96.07	96.12	+0.08	96.12	96.05	440	29,971

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.30	96.33	+0.04	96.35	96.30	73920	365830
Jun	96.17	96.19	+0.04	96.21	96.16	72506	336762
Sep	96.06	96.08	+0.04	96.11	96.05	62647	240326
Dec	95.89	95.92	+0.06	95.95	95.88	74647	207268

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jan		96.52	+0.02			0	966
Feb		96.46	+0.02			0	133
Mar		96.41	+0.03			0	150
Apr		96.39	+0.03			0	50

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.62	94.57	-0.04	94.64	94.57	38617	149688
Jun	95.38	95.35	-	95.40	95.34	22404	134779
Sep	95.70	95.68	+0.01	95.73	95.67	10977	95814
Dec	95.72	95.70	+0.02	95.75	95.69	31073	81734

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.47	98.49	+0.05	98.50	98.45	15409	78590
Jun	98.34	98.35	+0.06	98.36	98.31	4041	35572
Sep	98.22	98.23	+0.06	98.24	98.20	1491	18376
Dec	98.01	98.05	+0.06	98.05	98.01	563	8380

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		99.15	+0.06			0	na
Jun		99.27	+0.06			0	na
Sep		99.28	+0.07			0	na

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.64	95.65	+0.04	95.65	95.63	1186	9874
Jun	95.65	95.66	+0.04	95.67	95.65	334	6538
Sep	95.68	95.69	+0.04	95.70	95.66	687	8350
Dec	95.81	95.81	+0.05	95.81	95.81	19	4085

* LIFFE futures also traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.44	94.40	+0.13	94.44	94.37	141,934	520,819
Jun	94.49	94.47	–	94.50	94.37	163,081	426,961
Sep	94.50	94.48	–	94.53	94.43	107,273	295,109

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	95.24	95.18	-0.06	95.37	95.13	1,558	7,689
Jun	95.24	95.24	–	95.26	95.15	98	1,720
Sep	–	95.24	–	95.24	–	10	40

All Open Interest figs. are for previous day

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 9		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.46	16.22	4.847	1.944	4763	5.463	19.90	496.8	410.9	21.29	3.932	1.649	3.790	2.663	350.2	2.454
Denmark	(DKr)	54.18	10	8.790	2.626	1.053	2581	2.960	10.78	268.6	222.6	11.54	2.130	0.893	2.054	1.443	189.8	1.330
France	(FFr)	61.64	11.38	10	2.988	1.198	2936	3.367	12.26	305.6	253.3	13.12	2.424	1.016	2.336	1.641	215.9	1.513
Germany	(DM)	20.63	3.808	3.347	1	0.401	982.7	1.127	4.105	102.3	84.77	4.392	0.811	0.340	0.782	0.549	72.25	0.506
Ireland	(I£)	51.45	9.496	8.347	2.494	1	2451	2.811	10.24	255.1	211.4	10.95	2.023	0.848	1.950	1.370	180.2	1.263
Italy	(L)	2.099	0.387	0.341	0.102	0.041	100	0.115	0.418	10.41	8.626	0.447	0.083	0.035	0.080	0.056	7.352	0.052
Netherlands	(Fl)	18.31	3.379	2.970	0.887	0.356	872.0	1	3.642	90.76	75.22	3.897	0.720	0.302	0.694	0.487	64.11	0.449
Norway	(NKr)	50.26	9.276	8.154	2.436	0.977	2394	2.745	10	249.2	206.5	10.70	1.976	0.829	1.905	1.338	176.0	1.233
Portugal	(Es)	20.17	3.723	3.272	0.978	0.392	960.8	1.102	4.013	100	82.88	4.294	0.793	0.333	0.765	0.537	70.64	0.495
Spain	(Pta)	24.34	4.492	3.948	1.180	0.473	1159	1.329	4.842	120.7	100	5.181	0.957	0.401	0.922	0.648	85.23	0.597
Sweden	(SKr)	46.97	8.669	7.621	2.277	0.913	2237	2.566	9.346	232.9	193.0	10	1.847	0.774	1.780	1.251	164.5	1.153
Switzerland	(SFr)	25.43	4.694	4.126	1.233	0.494	1211	1.389	5.060	126.1	104.5	5.414	1	0.419	0.964	0.677	89.07	0.624
UK	(£)	60.65	11.19	9.839	2.940	1.179	2889	3.313	12.07	300.7	249.2	12.91	2.385	1	2.299	1.615	212.4	1.488
Canada	(C$)	26.38	4.869	4.280	1.279	0.513	1257	1.441	5.249	130.8	108.4	5.617	1.037	0.435	1	0.703	92.40	0.647
USA	($)	37.56	6.931	6.093	1.820	0.730	1789	2.052	7.472	186.2	154.3	7.995	1.477	0.619	1.424	1	131.5	0.922
Japan	(Y)	28.55	5.270	4.633	1.384	0.555	1360	1.560	5.681	141.6	117.3	6.079	1.123	0.471	1.082	0.760	100	0.701
Ecu	–	40.75	7.521	6.611	1.975	0.792	1941	2.226	8.108	202.0	167.4	8.676	1.602	0.672	1.545	1.085	142.7	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lire and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5514	0.5506	-0.0002	0.5554	0.5498	21,454	107,671
Jun	0.5566	0.5525	-0.0009	0.5525	0.5525	91	3,295
Sep	–	0.5560	–	–	–	31	1,633

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6838	0.6821	-0.0011	0.6831	0.6805	11,154	57,693
Jun	0.6890	0.6880	-0.0019	0.6890	0.6880	17	999
Sep	–	0.6970	–	0.6990	–	2	1,102

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.7610	0.7669	+0.0067	0.7729	0.7602	31,485	93,246
Jun	–	0.7698	–	0.7776	–	35	2,173
Sep	–	0.7815	–	–	–	10	326

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.6080	1.6090	+0.0018	1.6120	1.6080	9,669	34,432
Jun	1.6060	1.6060	+0.0056	1.6060	1.6060	17	1,310
Sep	–	1.5930	–	–	–	2	5

EMS EUROPEAN CURRENCY UNIT RATES

Jan 9	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.796709	0.794061	-0.000222	-0.58	3.09	4
Italy	1906.48	1939.32	-1.34	1.72	0.75	-12
Finland	5.85424	5.97619	-0.00485	2.08	0.39	-14
Spain	163.826	167.278	-0.115	2.11	0.37	-15
Portugal	197.398	201.766	-0.231	2.21	0.27	-15
France	6.45863	6.60565	-0.00698	2.28	0.20	-19
Denmark	7.34555	7.51416	-0.00718	2.30	0.19	-16
Austria	13.5485	13.8820	-0.0137	2.46	0.02	-18
Belgium	39.7191	40.7024	-0.0423	2.48	0.01	-18
Germany	1.92573	1.97330	-0.00199	2.47	0.01	-24
Netherlands	2.16979	2.22372	-0.00226	2.49	0.00	-16
NON ERM MEMBERS						
Greece	295.269	311.780	-0.37	5.59	-2.94	–
UK	0.793103	0.671202	+0.004298	-15.37	21.10	–

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads, the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
1.630	0.32	1.20	1.78	2.28	4.01	4.09
1.640	0.21	0.90	1.52	3.05	4.77	4.76
1.650	0.10	0.68	1.16	3.94	-	5.41

Previous day's vol., Calls 572 Puts 1,149. Prev. day's open int., Calls 28,336 Puts 22,599

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Jan	PUTS Feb	PUTS Mar	PUTS Jun
9625	0.10	0.12	0.13	0.11	0.02	0.04	0.05	0.17
9650	0.01	0.02	0.03	0.04	0.18	0.19	0.20	0.35
9675	0	0	0.01	0.01	0.42	0.42	0.43	0.57
9700	0	0	0	0	0.67	0.67	0.67	0.81

Est. vol. total, Calls 19507 Puts 12075. Previous day's open int., Calls 277455 Puts 317667

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9850	0.11	0.13	0.12	0.12	0.28	0.39
9875	0.03	0.06	0.05	0.29	0.46	0.57

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 100 Puts 1636

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9450	0.18	0.87	1.21	0.11	0.02	0.03
9475	0.07	0.64	0.97	0.25	0.04	0.04
9500	0.03	0.43	0.75	0.46	0.06	0.07

Est. vol. total, Calls 5142 Puts 621. Previous day's open int., Calls 158568 Puts 57824

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
0.545	0.58	1.02	1.31	0.22	0.56	0.78
0.550	0.32	0.74	1.04	0.43	0.79	1.01
0.555	0.15	0.53	0.81	0.77	1.06	1.29

Previous day's vol., Calls 202 Puts 1,253. Prev. day's open int., Calls 8,615 Puts 17,723

■ OTHER CURRENCIES

Jan 9	£	$
Czech Rp	57.8730 - 57.9735	35.8480 - 35.8880
Hungary	332.696 - 332.982	206.080 - 206.130
Iran	4846.20 - 4843.20	3000.00 - 3000.00
Kuwait	0.4937 - 0.4945	0.3058 - 0.3061
Poland	5.7150 - 5.7266	3.5400 - 3.5450
Russia	9.6848 - 9.6924	5.9990 - 6.0000
U.A.E.	5.9265 - 5.9334	3.6729 - 3.6730

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Markets page in Monday's edition.

UK INTEREST RATES

LONDON MONEY RATES

Jan 9	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7½ - 2	7⁵⁄₁₆ - 7³⁄₁₆	7⅜ - 7¼	7¹⁷⁄₃₂ - 7¹³⁄₃₂	7¹⁷⁄₃₂ - 7¹³⁄₃₂	7¹⁷⁄₃₂ - 7¹⁵⁄₃₂
Sterling CDs	-	-	7⁷⁄₁₆ - 7⅜	7⁹⁄₁₆ - 7½	7¹⁷⁄₃₂ - 7¹⁵⁄₃₂	7¹⁷⁄₃₂ - 7¹⁵⁄₃₂
Treasury Bills	-	-	7¼ - 7⅛	7⁵⁄₁₆ - 7³⁄₁₆		-
Bank Bills	-	-	7⁵⁄₁₆ - 7⅛	7¹¹⁄₃₂ - 7⁷⁄₃₂	7⁷⁄₁₆ - 7⁵⁄₁₆	-
Local authority deps.	7¹⁄₁₆ - 7	7¼ - 7⅛	7¹³⁄₃₂ - 7¹¹⁄₃₂	7¹⁷⁄₃₂ - 7¹³⁄₃₂	7¹⁹⁄₃₂ - 7¹⁷⁄₃₂	7¹⁹⁄₃₂ - 7¹⁷⁄₃₂
Discount Market deps	7³⁄₁₆ - 7¹⁄₁₆	7⁵⁄₁₆ - 7¹⁄₁₆	-	-	-	-

UK clearing bank base lending rate 7¼ per cent from Nov 6, 1997

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc.
Ave. tender rate of discount on Jan 9, 6.8938pc. ECGD fixed rate Stlg. Export Finance. Make up day Dec 31, 1997. Agreed rate for period Jan 26, 1998 to Feb 24, 1998, Scheme III 8.86pc. Reference rate for period Nov 29, 1997 to Dec 31, 1997, Schemes IV & V 7.709pc. Finance House Base Rate 8pc from Jan 1, 1998

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.50	92.52	+0.05	92.53	92.50	35090	145571
Jun	92.65	92.66	+0.04	92.68	92.63	24118	117226
Sep	92.85	92.86	+0.04	92.90	92.81	18863	99740
Dec	93.05	93.05	+0.03	93.10	93.02	14973	84499
Mar	93.26	93.26	+0.04	93.29	93.23	7605	87482

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9250	0.12	0.28	0.49	0.10	0.12	0.13
9275	0.03	0.15	0.32	0.26	0.24	0.21
9300	0	0.06	0.20	0.48	0.40	0.34

Est. vol. total, Calls 10453 Puts 3826. Previous day's open int., Calls 181271 Puts 150142

BASE LENDING RATES

	%		%		%
Adam & Company	7.25	Exeter Trust Limited	8.25	●Singer & Friedlander	7.25
Allied Irish Bank (GB)	7.25	Financial & Gen Bank	8.00	●Smith & Williamson	7.25
●Henry Ansbacher	7.25	●Robert Fleming & Co	7.25	Sun Banking Corp Ltd	7.25
Banco Bilbao Vizcaya	7.25	●Guinness Mahon	7.25	TSB	7.25
Bank of Cyprus	7.25	Habib Bank AG Zurich	7.25	United Bank of Kuwait	7.25
Bank of Ireland	7.25	●Hambros Bank	7.25	Unity Trust Bank Plc	7.25
Bank of India	7.25	Heritable & Gen Inv Bk	7.25	Whiteaway Laidlaw	7.25
Bank of Scotland	7.25	C. Hoare & Co	7.25	Yorkshire Bank	7.25
Barclays Bank	7.25	Hongkong & Shanghai	7.25		
Brit Bk of Mid East	7.25	Investec Bank (UK) Ltd	7.25		
●Brown Shipley & Co Ltd	7.25	Julian Hodge Bank	7.25		
Citibank NA	7.25	●Leopold Joseph & Sons	7.25		
Clydesdale Bank	7.25	Lloyds Bank	7.25		
The Co-operative Bank	7.25	Midland Bank	7.25		
Coutts & Co	7.25	NatWestminster	7.25		
Cyprus Popular Bank	7.25	●Rea Brothers	7.25		
Duncan Lawrie	7.25	Royal Bk of Scotland	7.25		
		Scottish Widows Bank	7.25		

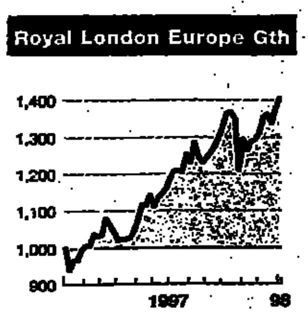
● Members of London Investment Banking Association
* In administration

UNIT TRUSTS

WINNERS AND LOSERS

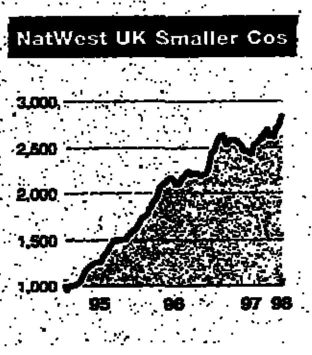
TOP FIVE OVER 1 YEAR	
Old Mutual Swiss Equities	1,438
Fleming Select American	1,408
Royal London European Growth	1,403
Exeter Capital Growth	1,400
CF Shaw Utilities	1,400

BOTTOM FIVE OVER 1 YEAR	
Old Mutual Thailand Acc	274
Save & Prosper Korea	359
Schroder Seoul	366
HSBC Singapore & Malaysian Gth	367
Save & Prosper Gold & Exp	372



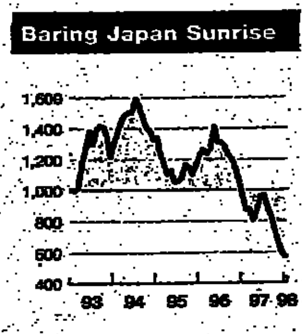
TOP FIVE OVER 3 YEARS	
NatWest UK Smaller Cos	2,835
GA North America Growth	2,543
Johnson Fry Slater Growth	2,371
Hill Samuel US Smaller Cos	2,343
Save & Prosper Financial Secs	2,235

BOTTOM FIVE OVER 3 YEARS	
Old Mutual Thailand Acc	170
Save & Prosper Korea	186
Schroder Seoul	216
Baring Korea	238
Henderson Japan Smaller Cos	367



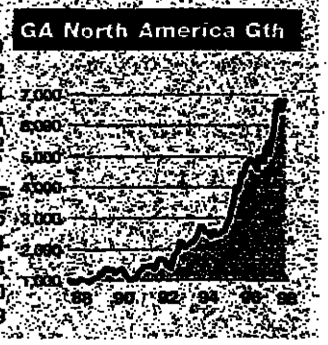
TOP FIVE OVER 5 YEARS	
Old Mutual European	3,424
GA North America Growth	3,250
Jupiter European	3,207
Invesco European Growth	3,176
Gartmore European Sel Opps	3,157

BOTTOM FIVE OVER 5 YEARS	
Save & Prosper Korea	160
Old Mutual Thailand Acc	358
Baring Korea	380
Henderson Japan Smaller Cos	545
Baring Japan Sunrise	573



TOP FIVE OVER 10 YEARS	
F&C US Small Companies	10,240
Hill Samuel US Smaller Cos	8,762
Framlington Health	7,244
Prolific Technology	7,095
GA North America Growth	6,832

BOTTOM FIVE OVER 10 YEARS	
Barclays Japan Inc	455
Waverley Australasian Gold	494
Henderson Japan Smaller Cos	496
M&G Japan Acc	520
Baring Japan Sunrise	529



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. **Source: REUTERS (Tel: 01625 511311)**

Indices

	1 year (£)	3	5	10	Volatility	Yld%
Average Unit Trust	1057	1363	1708	2891	3.5	2.5
Average Investment Trust	1136	1397	2028	3292	4.7	5.1
Bank	1039	1115	1198	1805	0.0	5.5
Building Society	1035	1111	1201	1805	0.0	5.2
Stockmarket: FTSE All-Share	1257	1780	2124	3818	2.6	3.2
Inflation	1037	1098	1142	1545	0.3	-

UK Growth

	1 year (£)	3	5	10	Volatility	Yld%
Johnson Fry Slater Growth	1159	2371	2533	4491	3.0	0.8
Jupiter UK Growth	1111	1997	2764	-	2.4	2.1
Mercury Recovery	1129	1983	2129	2554	3.0	1.6
OM Hartley Growth	1202	1943	2355	2506	2.5	0.5
River & Mercantile 1st Growth	1213	1921	-	-	2.7	1.0
SECTOR AVERAGE	1139	1619	1920	2795	2.7	1.7

UK Growth & Income

Fleming Select UK Income	1335	1926	2289	3157	2.6	2.8
Britannia UK General Inc	1203	1815	1920	2618	2.8	2.8
Perpetual Income	1223	1801	2422	3733	2.7	2.3
Lazard UK Income & Growth	1190	1759	2061	3107	2.6	3.0
HSBC Footsie Fund	1298	1758	-	-	3.0	2.0
SECTOR AVERAGE	1179	1607	1871	2920	2.7	2.4

UK Smaller Companies

NatWest UK Smaller Cos	1144	2835	-	-	3.5	1.0
Gartmore UK Smaller Companies	1118	2120	2724	2774	3.3	0.3
Laurence Keen Smaller Cos	1078	1962	-	-	3.0	1.4
AES Smaller Companies	1045	1862	2240	-	2.9	1.1
Britannia Smaller Co's Acc	1079	1861	2554	3012	2.8	0.5
SECTOR AVERAGE	1012	1448	1923	2229	3.0	1.6

UK Equity Income

Jupiter Income	1179	2004	2883	4734	2.2	3.8
Lazard UK Income	1178	1808	2212	3710	2.5	4.2
BWD UK Equity Income	1227	1798	2347	3045	2.4	3.3
Britannia High Yield Inc	1190	1770	2207	3703	2.5	3.6
M&G Charifund	1295	1751	2172	3521	2.4	5.0
SECTOR AVERAGE	1177	1581	1920	2901	2.5	4.1

UK Equity & Bond Income

HSBC High Income	1217	1667	-	-	2.0	5.3
Prolific Extra Income	1140	1625	1897	2757	2.4	3.9
CIS UK Income	1240	1618	1880	-	2.5	3.5
Edinburgh High Distribution	1191	1604	1910	2220	2.4	3.6
Midland Monthly Income	1240	1590	-	-	2.2	3.9
SECTOR AVERAGE	1146	1449	1762	2438	2.1	5.1

UK Eq & Bd

	1 year (£)	3	5	10	Volatility	Yld%
BWD Balanced Portfolio	1177	1835	2428	-	3.1	1.1
Perpetual High Income	1227	1736	2370	-	2.4	2.6
Credit Suisse High Income Port	1176	1641	2102	-	2.5	3.9
Canlife Income Dis	1188	1624	1914	2703	2.2	3.1
Lloyds Bank Extra Income	1211	1570	1777	2722	2.2	3.2
SECTOR AVERAGE	1144	1566	1972	2643	2.3	2.7

UK Fixed Interest

Aberdeen Fixed Interest	1129	1489	1963	2606	1.4	7.9
CU PPT Monthly Income Plus	1226	1471	1742	-	1.8	7.3
M&G Corporate Bond	1197	1471	-	-	1.9	6.3
CU PPT Preference Inc	1260	1464	1649	2690	2.2	6.5
Dresdner RCM Preference Inc	1189	1440	1726	2526	1.4	7.6
SECTOR AVERAGE	1115	1346	1508	2124	1.6	6.4

UK Gilt

Baring Exempt Fixed Interest	1235	1463	-	-	2.0	6.5
M&G Gilt & Fixed Interest	1181	1414	1558	2144	1.8	5.7
Mercury Long-Dated Bond	1181	1391	-	-	2.2	4.8
Gartmore PS Fixed Interest	1160	1374	1492	-	1.7	6.7
Murray Acumen Reserve	1143	1362	1477	-	1.5	6.1
SECTOR AVERAGE	1110	1278	1361	2066	1.4	5.5

International Equity Income

GT International Income Inc	1271	1669	1992	3534	2.7	2.0
Martin Currie Int'l Income	1156	1553	1932	-	2.7	4.0
Mayflower Global Income	1187	1461	1887	2857	2.3	2.6
M&G International Income	1137	1456	1843	3191	2.8	4.0
Premier Global 100	1077	1392	1532	1880	3.3	0.6
SECTOR AVERAGE	1133	1469	1800	2795	2.8	2.6

International Fixed Interest

Baring Global Bond	1077	1373	1495	-	1.5	4.8
City Financial Beckman Int'l	1082	1334	1287	2061	2.8	6.0
Newton International Bond	1084	1318	1379	-	2.0	4.5
Barclays BGI Intl Fix Int Inc	1043	1280	-	-	1.0	4.9
AES Intl Bond & Convertible	1070	1256	1356	-	1.3	5.8
SECTOR AVERAGE	1019	1150	1198	1842	1.8	5.0

International Equity & Bond

Bank of Ireland Ex Mgd Growth	1104	1590	1911	-	2.5	2.3
Fleming General Opportunities	1193	1568	1755	-	2.0	3.2
Capel-Cure Hallmark Growth	1175	1538	1744	2697	2.8	1.6
Baillie Gifford Managed	1135	1480	1744	3265	2.7	2.4
GA Income Portfolio	1146	1469	1723	-	2.9	2.3
SECTOR AVERAGE	1108	1376	1604	2569	2.4	2.3

International

	1 year (£)	3	5	10	Volatility	Yld%
Save & Prosper Financial Secs	1283	2235	2885	4820	3.4	1.2
Framlington Health	1061	2228	2114	7244	7.1	-
Prolific Technology	1043	2078	2643	7095	7.1	-
Framlington Financial	1362	2072	2632	6350	3.3	0.9
Save & Prosper Growth	1215	1882	2500	4193	3.1	1.4
SECTOR AVERAGE	1088	1346	1715	2913	3.8	1.0

Nth America

GA North America Growth	1328	2543	3250	6832	4.6	0.0
Hill Samuel US Smaller Co's	1142	2343	2681	8762	5.3	-
Dresdner RCM America Sm Co	1184	2223	2203	4004	4.7	-
Royal & SunAll Nth America	1327	2201	2754	5787	4.0	0.3
Henderson American Small Cos	1238	2173	2452	6331	5.2	-
SECTOR AVERAGE	1209	1823	2022	4473	4.4	0.5

Europe

Jupiter European	1160	2120	3207	5927	3.4	0.5
INVESCO European Growth	1241	2057	3176	4792	4.2	-
Threadneedle Euro Sel Gt Acc R	1251	2020	2924	4068	4.4	0.1
Baring Europe Select	1131	1994	2980	3975	3.8	0.8
Newton European	1301	1954	2444	4408	4.1	-
SECTOR AVERAGE	1205	1638	2288	4050	3.6	0.6

Japan

GT Japan Growth	894	913	1329	1480	3.7	-
Baillie Gifford Japanese	960	820	1095	1316	5.6	-
Martin Currie Japan	847	808	1238	-	5.8	-
Murray Japan Growth	914	802	1112	-	4.9	-
Newton Japan	895	791	1142	1149	5.4	-
SECTOR AVERAGE	738	582	880	914	5.8	0.2

Far East inc Japan

AIB Govett Greater China	772	920	1544	3065	6.8	-
Schroder Far East Growth Inc	741	812	1389	-	5.8	0.3
Dresdner RCM Oriental Inc Inc	754	800	1044	1888	5.0	4.6
Royal & SunAll Far East	687	790	1123	1221	5.9	-
Friends Prov Pacific Basin	724	787	1223	1584	5.3	0.2
SECTOR AVERAGE	670	677	1051	1760	5.6	1.1

Far East exc Japan

HSBC Hong Kong Growth	762	1560	2190	6319	8.5	0.3
INVESCO Hong Kong & China	806	1265	1658	5109	8.1	0.6
Friends Prov Australian	960	1258	1810	4152	4.8	-
Old Mutual Hong Kong	684	1142	1534	4831	8.5	1.2
Henry Cooke LG East Enterprise	822	1035	-	-	7.7	0.7
SECTOR AVERAGE	583	679	1047	3047	7.1	1.2

Best Peps

NatWest UK Smaller Cos	1144	2835	[illegible]	[illegible]	3.5	1.0
Johnson Fry Slater Growth	1159	2371	2533	[illegible]	3.0	0.8
Save & Prosper Financial Secs	1283	2235	2885	[illegible]	3.4	1.2
Jupiter European	1160	2120	3207	[illegible]	3.4	0.5
Gartmore UK Smaller Companies	1118	2120	2724	[illegible]	3.3	0.3
AVERAGE UT PEP	1135	1547	1949	[illegible]	2.8	2.7

Property

	1 year (£)	3	5	10	Volatility	Yld%
Aberdeen Property Share	1147	1536	2322	-	2.8	1.2
Norwich Property	1087	1222	1612	-	1.0	5.4
Barclays Property	1038	1165	1369	-	0.9	5.6
SECTOR AVERAGE	1088	1308	1768	-	1.6	4.2

Commodity & Energy

M&G Australasian Acc	851	1202	1962	2405	5.5	1.9
M&G Commodity	685	799	1380	1547	5.6	1.4
Save & Prosper Commodity	725	797	1246	1629	6.1	-
Hill Samuel Natural Resources	701	733	1080	1394	5.4	1.3
TSB Natural Resources	652	699	1382	2066	6.2	0.7
SECTOR AVERAGE	618	673	1390	1342	7.1	1.2

Investment Trust Units

Quilter High Inc Inv Tst Acc	1120	1424	2148	-	2.5	3.4
Quilter Investment Trusts Inc	986	1346	2035	-	3.1	0.4
M&G Fund of Investment Trusts	1048	1329	1839	3178	3.1	1.4
Equitable Trust of Invest Tsts	1061	1323	1888	3460	2.7	1.6
Exeter Fund of Investment Tsts	1072	1322	2058	3346	2.8	0.5
SECTOR AVERAGE	1067	1281	1832	2922	2.8	1.9

Fund of Funds

Royal & SunAll Portfolio	1108	1546	1911	-	3.0	1.1
TSB Selector	1130	1496	1712	-	2.5	1.4
Mercury Managed Income	1136	1492	-	-	1.9	3.8
Lazard Income Inc	1162	1475	1645	-	2.4	3.4
Mercury Managed Growth	1116	1473	-	-	2.8	1.8
SECTOR AVERAGE	1058	1303	1618	2330	2.6	1.8

Global Emerging Mkts

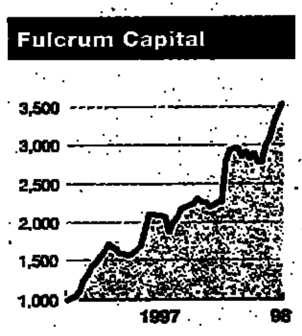
Mercury Emerging Markets	993	1185	-	-	6.1	0.2
Stewart Ivory Emerging Market	930	1020	1512	-	5.4	0.5
Rothschild FAP Emerging Mkts	976	947	-	-	5.3	-
Portfolio Emerging Markets	939	914	-	-	4.9	0.3
INVESCO Global Em Mkts Dist	962	895	-	-	6.1	0.1
SECTOR AVERAGE	909	885	1266	2543	5.8	0.4

INVESTMENT TRUSTS

WINNERS AND LOSERS

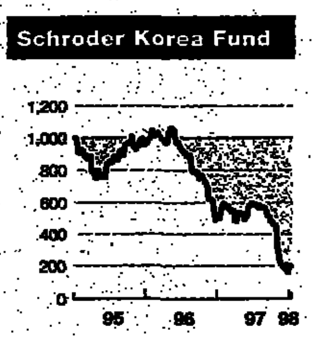
TOP FIVE OVER 1 YEAR	
Scottish National Capital	4,923
Fulcrum Capital	3,533
Framlington Dual Capital	3,410
Schroder Split Fund Capital	2,207
Fleming Income & Growth Cap	2,203

BOTTOM FIVE OVER 1 YEAR	
Korea Liberalisation Fund	149
Korea-Europe Fund	320
Aberdeen New Thai	334
Edinburgh Java	357
Govett Asian Smaller Cos	358



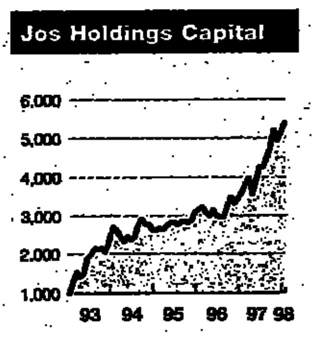
TOP FIVE OVER 3 YEARS	
Scottish National Capital	4,414
TR Technology B	4,328
Foreign & Col Enterprise	2,872
Gartmore Scotland Capital	2,687
Candover	2,421

BOTTOM FIVE OVER 3 YEARS	
Korea Liberalisation Fund	102
East German	171
Korea-Europe Fund	172
Schroder Korea Fund	198
Invesco Korea	225



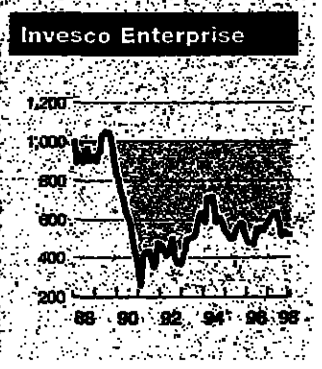
TOP FIVE OVER 5 YEARS	
TR Technology B	9,648
Scottish National Capital	6,737
Fulcrum Capital	6,115
Jos Holdings Capital	5,382
Invesco English & Intl	4,956

BOTTOM FIVE OVER 5 YEARS	
East German	144
Korea Liberalisation Fund	172
Korea-Europe Fund	244
Invesco Korea	337
Edinburgh Java	381



TOP FIVE OVER 10 YEARS	
Candover	10,345
MCIT Capital	8,929
Foreign & Col Enterprise	8,057
Rights & Issues Inc	6,703
Law Debenture Corporation	6,074

BOTTOM FIVE OVER 10 YEARS	
Korea-Europe Fund	407
Invesco Enterprise	521
Trust of Property Shares	713
Baillie Gifford Shin Nippon	823
Welsh Industrial	932



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

UK General

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Fleming Claverhouse	1458	2165	2403	-4	3.8	2.0
Mercury Keystone	1295	1951	2883	-1	4.1	2.4
Edinburgh UK Tracker	1243	1830	2085	0	3.8	3.1
Govett Strategic	1148	1765	2044	14	3.5	2.5
Finsbury Growth	1133	1647	2328	13	4.3	2.5
SECTOR AVERAGE	1210	1625	2171	-	3.3	3.5

UK Capital Growth

Schroder UK Growth	1134	1699	-	3	3.8	3.0
Undervalued Assets	1041	1662	-	12	3.8	2.0
Kleinwort 2nd Endowment Policy	1157	1662	-	-6	2.9	-
Ivory & Sime ISIS	1196	1656	-	22	4.4	-
Kleinwort Endowment Policy	1059	1478	1618	-4	2.8	-
SECTOR AVERAGE	1107	1512	1755	-	3.5	2.0

Smaller Companies

INVESCO English & Intl	1061	2056	4956	2	4.2	0.9
Henderson Strata	1104	1843	2878	0	4.3	0.1
Gartmore Smaller Companies	1110	1791	2842	10	4.3	2.2
NatWest Smaller Companies	1094	1682	2434	9	5.1	2.5
Herald	1043	1594	-	17	5.8	0.7
SECTOR AVERAGE	1034	1342	1981	-	4.0	2.4

UK Income Growth

Investors Capital Growth	1400	1859	-	22	4.2	-
City of London	1394	1830	2208	-3	3.2	3.4
Investors Capital Units	1282	1657	1754	11	4.0	3.8
Temple Bar	1363	1652	2112	9	4.0	4.2
Dunedin Income Growth	1345	1642	1929	11	4.2	4.1
SECTOR AVERAGE	1239	1588	1990	-	3.4	5.0

Venture and Devt Cap

Foreign & Col Enterprise	1561	2872	4559	1	3.6	1.6
Candover	1341	2421	3528	-9	4.4	2.6
Kleinwort Development Fund	1138	2048	2984	21	3.3	4.9
Dunedin Enterprise	1179	1990	3234	9	3.4	4.2
Thompson Clive	1114	1987	3165	22	5.4	1.4
SECTOR AVERAGE	1103	1610	2552	-	4.3	3.0

Int Income Growth

Securities Trust of Scotland	1246	1593	1857	12	3.6	4.0
British Assets Ordinary	1240	1552	1521	16	3.6	5.1
Murray International	1143	1514	1954	7	3.9	3.7
SECTOR AVERAGE	1241	1553	1777	-	3.7	4.4

Int Cap Gth

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Jupiter Primadona	1278	2119	3495	-1	4.2	1.4
TR Technology (Units)	1120	1751	2299	3	3.8	4.1
RIT Capital Partners	1243	1674	2862	14	3.8	0.8
Kleinwort Overseas	1351	1608	2133	9	3.9	1.5
Henderson Electric and General	1198	1604	2149	9	3.3	1.7
SECTOR AVERAGE	1147	1421	2009	-	3.7	1.8

International General

Personal Assets	1342	2036	2393	-	2.1	1.8
Law Debenture Corporation	1249	1666	2343	-13	3.6	3.1
Scottish Investment	1197	1659	1943	14	3.0	2.5
Scottish Mortgage	1212	1619	1983	14	3.1	2.0
Majedie	1237	1614	2028	13	2.6	3.0
SECTOR AVERAGE	1206	1552	1984	-	3.2	2.5

North America

North Atlantic Smaller Cos	1345	2034	3807	7	4.4	-
Fleming American	1453	2006	2220	9	4.4	0.6
Edinburgh US Track 25p	1440	1884	2152	6	4.6	1.6
US Smaller Companies	1269	1818	1828	15	4.8	-
American Opportunity	1189	1672	2140	10	5.7	-
SECTOR AVERAGE	1171	1747	2247	-	5.1	1.2

Continental Europe

TR European Growth	1284	2149	4739	0	3.8	0.7
Gartmore European	1328	2019	3147	0	4.4	0.8
Henderson EuroTrust (Units)	1227	1890	2390	10	4.7	1.2
Fidelity European Values	1311	1859	2965	3	3.3	0.2
Foreign & Col Eurotrust	1274	1776	2357	5	3.7	0.4
SECTOR AVERAGE	1195	1694	2627	-	4.0	1.0

Pan Europe

Kleinwort Charter	1267	2016	2640	13	4.4	2.0
Mercury European Privatisation	1281	1746	-	15	3.2	2.1
SECTOR AVERAGE	1274	1881	2640	-	3.8	2.1

FE inc Japan

Henderson Far East Income	717	967	1241	4	6.6	6.9
Martin Currie Pacific	754	866	1232	9	6.8	1.0
Foreign & Col Pacific	696	774	1229	15	6.3	2.0
Govett Oriental	570	516	1008	15	6.6	0.9
SECTOR AVERAGE	690	781	1177	-	6.6	2.6

Japan

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
GT Japan	887	694	1104	6	6.3	0.6
Baillie Gifford Japan	898	671	973	9	6.7	-
Schroder Japan Growth	920	595	-	8	7.3	-
Edinburgh Japan	832	591	1003	10	6.6	-
Fleming Japanese	759	572	1042	10	6.4	-
SECTOR AVERAGE	688	475	949	-	7.2	0.6

Far East exc Japan, General

Pacific Horizon	556	714	942	18	7.2	1.5
Hambros Smaller Asian	449	568	-	23	8.7	0.7
TR Pacific	533	545	1032	9	9.6	0.5
Edinburgh Dragon	611	530	792	16	7.3	-
Abtrust New Dawn	520	501	789	21	6.9	1.8
SECTOR AVERAGE	499	491	829	-	8.2	1.1

Far East exc Japan, Single Country

New Zealand	669	853	1394	16	5.1	3.1
Aberdeen New Thai	334	306	502	-7	8.0	4.0
Siam Selective Growth	399	280	615	6	8.1	-
Edinburgh Java	357	275	381	12	10.9	-
INVESCO Korea	437	225	337	2	9.0	-
SECTOR AVERAGE	420	301	521	-	9.8	2.2

Emerging Markets

Baring Emerging Europe	1419	2286	-	11	11.3	-
Templeton Latin America	1122	1358	-	18	9.2	0.4
Central European Growth Fund	996	1273	-	17	10.4	-
Scudder Latin America	1229	1196	-	18	8.8	0.6
Latin American	1251	1085	1299	17	10.4	-
SECTOR AVERAGE	1046	1059	1417	-	8.3	0.7

Closed End Funds

Capital Gearing	1142	1668	2117	4	2.3	0.1
Exeter Preferred Capital	1378	1418	1677	29	4.5	0.4
Invesco City & Commercial	1237	1270	-	19	4.3	5.0
Scottish Value	1050	1237	1905	9	3.4	2.0
London & St Lawrence	1142	1213	1678	20	1.9	4.6
SECTOR AVERAGE	1177	1361	1844	-	3.3	2.4

Property

TR Property	1245	1646	2938	9	5.4	2.9
Wigmore Property	1057	1457	-	22	5.2	1.1
Trust of Property Shares	1283	1352	1701	17	6.0	2.9
French Property	1075	1147	1584	15	3.8	3.1
SECTOR AVERAGE	1165	1400	2074	-	5.1	2.5

High Income

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Gartmore Scotland (Units)	1333	1693	1969	-	3.1	4.3
Shires Income	1418	1657	2129	8	4.3	5.9
Abtrust High Income	1594	1619	-	0	5.1	8.5
Dartmoor	1442	1615	2656	-10	4.1	10.9
Glasgow Income	1350	1590	2123	10	3.4	5.8
SECTOR AVERAGE	1368	1532	2162	-	4.3	7.3

Split - Capital

Scottish National Cap	4923	4414	6737	30	17.6	-
Gartmore Scotland Cap	2155	2687	3717	44	6.3	-
Henderson American C&I Cap	1433	2389	2304	14	4.3	-
Murray Split Capital Cap	1662	2176	3800	14	6.0	-
Fleming Income & Growth Cap	2203	2167	4333	26	6.5	-
SECTOR AVERAGE	1768	1790	3115	-	6.7	4.3

Split - Inc & Residual Cap Shares

TR Technology B	1286	4328	9648	10	8.3	12.6
SR Pan-European	1372	2162	-	5	7.3	1.7
Kleinwort High Income	1755	2028	2357	10	6.0	11.4
Henderson EuroTrust	1251	2028	2798	22	6.0	1.6
INVESCO Blue Chip	1724	1877	2284	14	8.3	13.9
SECTOR AVERAGE	1396	1704	2690	-	6.0	10.0

Split - Income

Rights & Issues Inc	1182	2093	3156	-	4.1	6.5
Jove Inc	1265	1584	1881	-	3.0	11.4
M&G Recovery Inc	1170	1577	1737	-	4.5	30.0
Jupiter Geared Inc	1303	1510	1648	-	3.5	11.0
Henderson American C&I Inc	1256	1489	1560	-	2.0	8.3
SECTOR AVERAGE	1143	1329	1577	-	3.4	18.2

Split - Zero Dividend

Gartmore Brit Inc & Gth Zero	1098	1598	-	-	2.3	-
Gartmore Shared Eq Zro Div Prf	1103	1517	-	-	2.1	-
Johnson Fry Europe Utils Zero	1094	1512	-	-	2.0	-
Friends Prov Ethical Zero Prf	1074	1503	-	-	2.3	-
M&G Recovery Zero Div Prf	1095	1497	1880	-	2.4	-
SECTOR AVERAGE	1098	1393	1585	-	1.7	-

Unit trust results allow for the spread between buying and selling prices and assume net income reinvested. Investment trust results are calculated on mid-market prices with net income reinvested. Volatility shows the standard deviation of monthly price movements for each fund over the past 3 years. A fund's standard deviation describes the way these movements are dispersed around its average and is a common measure of volatility. A low standard deviation means the monthly returns for a given fund show little variation and the volatility is relatively low. A high figure represents a more volatile performance. Yields are gross. Bank index refers to Lloyds Bank 90-day monthly account and relates to an investment of £10,000. Building Society figure relates to Halifax savings account holding less than £10,000. Investment trust discounts relate share prices to net asset value. A negative figure indicates the shares are at a premium to net asset value. Discounts/premiums are calculated on underlying net asset values supplied by NatWest Securities. *Currently in voluntary liquidation.

Glossary

Performance: Tables like these are full of traps for the unwary. Trap 1: don't expect them to tell you which trusts will do best in future – they are merely a historic record. Trap 2: don't make minute comparisons of unit and investment trusts – the unit trust figures *take account of the spread* between buying and selling prices; the investment trust ones take mid-market prices in both cases. So comparisons flatter investment trusts.

Volatility: Shows the absolute variability of a trust's performance. As a rule of thumb, the more volatile a fund's progress, the higher the return investors demand from it to compensate for the additional risk. Unusually volatile funds should be avoided by anyone *investing over the short or medium* term or those who cannot afford big losses. But investors who can afford to take a long-term view may want to have some high risk/high reward trusts in their portfolio to spice it up.

Yield: Even this has traps for the unwary. Most unit trusts charge their management expenses against income, so the yield is net of expenses. But a recent rule change means that trusts are allowed to charge some or all of their management expenses to capital, *thus inflating the yield. Our managed* funds pages identifies those trusts which charge to capital. Investment trusts used all to charge expenses against income, but some now charge some against capital.

Peps: Some, but not all, unit and investment trusts can be put into a general personal equity plan which shields investors against both income and capital gains tax. The Pep rules are that you can put £6,000 into a general Pep (and a further £3,000 into a single company Pep). To qualify for the full £6,000 general Pep allowance, a minimum of 50 per cent of a plan's assets must be held in European Union shares or qualifying corporate bonds. A trust which has more overseas investment, but is still 50 per cent invested in shares, is non-qualifying and limited to a Pep content of £1,500.

Discount: Investment trust shares traditionally sell for less than their underlying asset value. The gap between the two is known as the discount. In the 1974 bear market, discounts were as wide as 45 per cent and although they have mainly narrowed to well under 10 per cent in recent years, they add an additional uncertainty to investment trust share price prospects. The sharp narrowing of the discount is another reason why investment trusts look better than unit trusts on longer-term comparisons.

Split capital trusts: Caveat emptor. If you do not already know what they are, you would probably be wiser to avoid them. They are companies with more than one class of share capital. The traditional variety is relatively simple: income shares get all the income; capital shares get any capital growth over the life of the trust. But nowadays splits are highly complex with several different types of security with differing rights, and aimed to satisfy different investment needs.

Authorised Investment Funds

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

AUTHORISED INVESTMENT FUNDS -

Unit Trusts and OEICs (Open-ended investment companies).

[illegible]

OFEX FACILITY

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EASDAQ

[illegible]

Guide to pricing of Authorised Investment Funds

Compiled with the assistance of AUTIF §§

All funds within this section, whether OEICs or unit trusts are authorised in the UK by the Financial Services Authority

OEIC: Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure.

Share Classes: Separate classes of share are denoted by a letter or number after the name of the fund. Different share classes are issued to reflect a different currency, charging structure or type of holder.

Initial charge: Charges made by a unit trust manager/operator to the buyer. Used to defray marketing and administrative costs, including commission paid to intermediaries. For unit trusts this charge is included in the buying price of units. For OEICs see "OEIC Single Price".

Buying price: Also called offer price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Selling price: Also called bid price. The price at which units in a unit trust are sold by investors.

OEIC Single Price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC are the same. Manager's/operator's initial charges are shown separately.

Treatment of manager's periodic charge: The letter C denotes that the trust deducts all or part of the manager's/operator's periodic charge from capital, contact the manager/operator for full details of the effect of this course of action.

Exit charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager/operator for full details.

Time: The time shown alongside the fund manager's/operator's name is the time of the unit trust's/OEIC's valuation point unless another time is indicated by the symbol alongside the individual unit trust/OEIC name.

The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

Pricing

Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing at any time.

Forward pricing: The letter F denotes that the managers/operators deal at the price to be set at the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers/operators.

Scheme particulars, key features and reports: The most recent report, scheme particulars and key features document may be obtained free of charge from fund managers/operators.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Association of Unit Trusts and Investment Funds, 65 Kingsway, London, WC2B 6TD. Tel: 0171-831-0896.

The fund prices published in this edition are also available at the Financial Times' web site, http://www.FT.com

FT MANAGED FUNDS SERVICE

Authorised and Insurances

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Morgan Grenfell Invest Fds Ltd - Contd.

Pension & Other Tax Exempt (1000)F

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Accuity Core Exempt** ♥	5 E	148.6	158.3	+0.80	5.73
Balanced Exempt** ♥	5 E	128.9	135.5	-1.20	2.18
Bond Exempt** ♥	5 E	144.2	151.5	+0.70	5.97
Cash Exempt** ♥	5 E	173.7	179.3	+0.10	4.94
Growth Exempt** ♥	5 E	164.7	183.9	-1.80	1.78
Mega Bill Equity Exempt** ♥	5 E	146.3	155.6	-0.70	2.73

**Buying prices for the Morgan Grenfell Exempt Funds include the correct initial charge of 5%. However the Manager will usually waive this 5% charge. Please call 0800 282 465 for prices net of the initial charge.

Murray Johnstone UT Mgmt (1000)F

7 West Nile St, Glasgow G1 2PX 0345 090 933

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Acuman	1	122.50	125.50	-0.80	2.11
Acuman Inc	1	108.20	111.90	-0.70	2.11
Acuman Reserve	1	111.86	112.70	+0.30	6.11
Acuman Reserve Inc	1	80.49xd	81.29	+0.20	6.11
American Growth	1	79.15	81.58	-1.45	0.00
Blue Chip	1 C	64.90	65.99	-0.66	3.67
Blue Chip Acc	1 C	71.49	73.14	-0.73	3.67
Equity Income	1 C	129.70xd	133.20	-1.30	3.67
European	1	101.20	103.20	-0.90	0.00
Smaller Cos	1	97.45	101.40	+0.40	1.84
Worldwide Equity	1	84.71	88.09	-1.19	0.14
Global Bond	1	42.39	42.82	+0.21	4.51
UK Growth	1	132.90	137.30	-1.00	1.26
Pacific Growth	1	64.96	68.53	-1.65	2.33
Japan Growth	1	77.53	78.87	+0.35	0.00
Corporate Bond Inc	1	54.69xd	55.47	+0.09	6.35
Corporate Bond Acc	1	62.02xd	62.87	+0.10	6.35

NFU Mutual Unit Mngrs Ltd (1400)F

Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex

Enquiries 01277 690230 Dealing 01277 690480

Avon Equity	6	193.62xd	201.72	-3.13	1.79

NPI Investment Managers (1200)H

48 Gracechurch St, EC3P 3HH 0171-623 4200

NPI American Acc	4½	169.20	178.10	-1.70	0.01
NPI American Inc	4½	155.90d	164.10	-1.50	0.01
NPI European Acc	4½	198.10	208.40	-1.80	0.18
NPI European Inc	4½	188.60d	198.50	-1.70	0.18
NPI Far East Acc	4½	114.80	120.90	-1.90	0.05
NPI Far East Inc	4½	113.00	118.90	-2.00	0.05
NPI Global Care Acc	4½	110.90	116.70	-0.30	0.27
NPI Global Care Inc	4½	102.70d	108.10	-0.20	0.27
NPI Global Care Income Acc	4½ C	76.86	80.91	-0.27	3.28
NPI Global Care Income Inc	4½ C	73.23xd	77.08	-0.27	3.28
NPI High Income Bond	4½	52.32	54.83	+0.19	5.8
NPI Latin American Acc	4½	64.82	68.23	-2.18	0.00
NPI Latin American Inc	4½	64.79xd	68.20	-2.18	0.00
NPI O'seas Acc	4½	1420.0	1494.7	-18.40	0.18
NPI O'seas Inc	4½	1091.3	1148.7	-12.70	0.18

Perpetual Unit Trust Mngmt Ltd - Contd.

Exempt Funds

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Gr's
UK Exempt	5¼	530.29	567.16	-0.84	2.03
Overseas Exempt	5¼	350.46	374.22	-5.00	0.01

Pilgrim Unit Trust Mngmt Ltd (0830)F

39 Pilgrim St, Newcastle upon Tyne NE1 6RQ 0191-201 3927

American	6	167.49	178.18	-1.04	0.00
European	6	120.82	128.53	-0.40	0.00
Emerging Markets	6	55.93xd	59.50	-1.19	0.00
Japan	6	29.38xd	31.25	+0.04	0.00
Pacific	6	37.60	40.05	-0.73	0.00
UK Income & Growth	6	98.80	104.89	+0.19	1.29
UK Inc & Gwth Acc	6	111.22	118.32	+0.21	1.29

Portfolio Fund Management Ltd (1000)F

64 London Wall, London EC2M 5TP 0171-638 0808

Dealing & Administration Enquiries: 0171 588 8890

Asia Acc	5¼	37.88	40.30	-0.90	0.00
Emerging Markets	5¼	45.08	47.81	-0.70	0.33
Euro Fd	5¼	52.28xd	55.47	-0.15	0.00
Fund of Funds Acc	4½	218.23	229.72	-0.81	0.03
High Inc Fd	4½ C	62.18xd	65.45	+0.01	5.35
Performance	5¼	53.41	56.67	-0.21	0.00

Premier Portfolio Managers Ltd (0905)F

25/27 Chertsey Street, Guildford, GU1 4HE 01483 306070

Premier Special Sits.	5½	229.0	244.9	-1.8	-
Premier Dividend	5½	131.4	140.5	-0.4	3.20
Premier Global 100	5½	281.0xd	299.0	-1.8	0.80
Premier UK Growth	5½	61.28	65.54	-0.4	0.82
Premier Fund of Funds	5½	82.02	87.72	-0.08	-

Principal Unit Trust Mngmt Ltd (1000)F

15 South Park, Sevenoaks, TN13 1AN 01732 740700

Principal Tst	2	200.87	208.42	-1.03	2.38

Prolific Objective Unit Trust Mgt Ltd (1000)F

Walbrook Hse, 23 Walbrook, EC4N 8LD

Enquiries: 0345 888888 Dealing: 0800 282443

Limited Risk Equity Inc	4½	127.1	134.0	-0.90	2.01
Limited Risk Equity Acc	4½	128.9	135.9	-0.80	2.01

For Prolific Unit Tst see Aberdeen Prolific Unit Tst

Prudential Unit Trusts Ltd (1200)F

51-59 Wood Hill, Ilford, Essex IG1 2DL 0181-478 3377

Client Enquiry 0345 635500

NatWest Investment Management Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Smaller Cos Dec 17	£14.38	£15.15	—	2.86

PDFM Unit Managers Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Small Co's Jan 6	1139.37	1178.65xd	—	2.83
Do Accum	1511.59	1561.07	—	2.83
Int Expt Jan 6	348.12	350.89xd	—	1.27
Do Accum	350.00	353.75	—	1.27
UK Index Jan 6	2335.15	2355.73xd	—	3.14
Do Accum	3139.43	3171.43	—	3.14
Japan Index Jan 6	443.25	446.34	—	0.92
Do Accum	456.91	459.08	—	0.92
USA Index Jan 6	2716.29	2728.47xd	—	1.58
Do Accum	3095.32	3110.19	—	1.58

OTHER UK UNIT TRUSTS

COIF Charity Funds‡

2 Fore Street, London EC2Y 5AQ 0171-588 1815

	Selling Price	Buying Price	+ or -	Yield Gross
Investment Inc Jan 8	925.95	938.03	+14.54	3.71
Investment Acc Jan 8	4492.39	4560.20	+70.64	-
Fixed Int Income Dec 4	133.88	134.20	—	8.84
Fixed Int Accum Jan 8	273.28	274.38	+3.40	8.68

Deposit Account: see Money Market Trust Funds

PROPERTY UNIT TRUSTS

Lazard Brothers & Co., Limited

	Selling Price
Property Dec 29	£213
Inc Gth Prp Oct 14	£20.10

Lionbrook Property Fund

	Selling Price
Net Asset Value Dec 31	£1145

Lionbrook Property Fund II*

	Selling Price
Net Asset Value Dec 31	156.08

*Formerly New Court Property Fund

Local Authorities Property Fund

	Selling Price
Property Dec 31	200.60

Morgan Grenfell Property Fund

	Selling Price
Industrial Dec 24	£1147.83
Office Dec 24	£1104.07
Retail Dec 24	£1546.47
Managed Dec 24	£1008.31

Schroder Exempt PUT

	Selling Price
Property Dec 30	£25.49

● PROPERTY UNIT TRUST NOTES

These trusts are limited to investors who are Inland revenue exempt.

All dealings are subject to Individual Trust Deed rules.

INSURANCES

Abbey National Life Plc

287 St Vincent Street, Glasgow 0141 305 8000

	Selling Price	Buying Price	+ or -	Yield Gross
Managed	160.4	168.9	-1.60	-
UK Equity	183.5	193.2	-2.60	-
International	130.7	137.6	-1.20	-
Deposit	119.0	125.3	—	-
Pension Managed	178.5	187.9	-2.00	-
Pension UK Equity	210.4	221.5	-3.30	-
Pension International	136.8	144.2	-1.50	-
Pension Deposit	127.6	134.4	—	-

AEGON Life Assurance Co (UK) Ltd

Edinburgh Park, Edinburgh, EH12 9SE 0131 339 9191

Century Life Plc

5 Old Bailey, London EC4M 7BA 0171-332 5000

Fund Prices Freephone 0800 581065

Pension Funds

	Selling Price	Buying Price	+ or -	Yield Gross
American Equity	348.5	366.8	+15.7	-
European Equity	542.8	571.4	+18.1	-
Far East Equity	236.9	249.4	-5.8	-
Gilt Edged	537.2	565.5	+2.0	-
Managed Fund Acc	961.8	1016.0	-8.1	-
Money Fund	396.7	417.6	+0.5	-
Perpetual	474.2	499.7	+10.1	-
UK Equity	629.7	662.9	+5.8	-

Prosperity Life Fund Prices

AXA Equity & Law Life Assce

Amersham Road, High Wycombe

Life Funds Series 6 (Other Series on request)

	Selling Price
UK Equities Ser 6	1506.8
Higher Income Ser 6	1613.4
Property Ser 6	629.0
Fixed Interest Ser 6	543.4
Index Lnkd Secs Ser 6	223.4
Gtd Deposit Ser 6	337.8
Nth America Ser 6	684.0
Far East Ser 6	408.5
Europe Ser 6	585.6
International Ser 6	686.8
Balanced Ser 6	959.0
Reserve Ser 6	190.2
Opportunity Ser 6	223.8
Distribution Ser 6	115.7

Ind Pens Funds Series 0.80 (Other Series on request)

	Selling Price
Pens Equity	2394.3
Pens Higher Income	545.2
Pens Fixed Int	839.1
Pens Index-Linked	318.8
Pens Property	665.1
Pens N America	314.8
Pens Far East	221.5
Pens Europe	346.1
Pens Overseas	1039.3
Pens Balanced	1244.2
Pens Cash	535.4
Pens Opportunity	260.0
Pens Reserve	239.1
Pens Dist	138.2

TSB Unit Trusts - Contd.

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Selector Inc	5½	88.49	94.70	-1.29	1.28
Selector Acc	5½	105.88	112.04	-1.52	1.28
High Income Inc	5½ C	86.85xd	91.91	-1.16	3.89
High Income Acc	5½ C	124.97xd	132.24	-1.67	3.89
Intl Income Inc	5½	65.17	68.96	+0.18	4.17
Intl Income Acc	5½	90.34	95.60	+0.24	4.17
Selector Income Inc	5½	79.47	84.09	-0.81	3.87
Selector Income Acc	5½	104.88	110.77	-1.07	3.87
UK Income Inc	5½ C	70.03	74.11	-1.08	3.86
UK Income Acc	5½ C	79.45	84.08	-1.20	3.86
Worldwide Growth Inc	5½	69.74	73.80	-0.96	0.46
Worldwide Growth Acc	5½	70.66	74.77	-0.98	0.46

Charity Fixed Int Fd/Charity Equity Fd

33 Gutter Lane EC2V 8AS 0171-606 3030 (Gen Enquiries)

	Selling Price	Buying Price	+ or -	Yield Gross
Charity Equity Inc	205.25	209.46xd	-3.16	3.77
Charity Equity Acc	257.84	262.91xd	-3.87	3.77
Charity Fixed Int Inc	110.71	111.81xd	+0.08	5.81
Charity Fixed Int Acc	170.48	172.34xd	+0.15	5.81

Edinburgh Fund Mngrs PLC

Exempt Funds

	Selling Price	Buying Price	+ or -	Yield Gross
Managed Jan 7	247.0	257.5	--	2.02
Sm Jap Cos Jan 8	387.5	397.4	—	0.05
Latin American Jan 6	173.6	182.3	—	0.23

Abbey Life Assurance Co Ltd

80 Holdenhurst Road, Bournemouth

	Selling Price
Prop. Ser. 1	277.6
Equity Ser. 1	246.8
Prop. Acc. Ser 2	594
Equity Ser 2	361.2
Selective Acc. Ser 2	659.7
Prop. Ser 4	451.9
Equity Ser 4	318.2
Man. Ser. 4	866.7
Fixed Int. Ser 4	450.8
Indexed Inc. Ser. 4	259.1

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Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

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Family Assurance Friendly Society Ltd (z)
17 West St, Brighton BN1 2RL 01273 724570

	Selling Price	Buying Price	+ or -	Yield Gross
Tax Exempt				
Family A Managed	1108	1131	–	–
Family A Managed Ser 2	114.8	118.4	–	–
Family B Managed Ser 2	140.7	143.6	–	–
Family C Brit Ser 2	135.1	137.9	–	–
Family D Fxd Int Ser 2	100.0	109.2	–	–
Family Capital Mngd	616.0	627.8	–	–
Fmly Capital Mngd Ser 2	93.60	95.51	–	–
Family Growth Series 1	304.4	310.8	–	–
Family Growth Series 2	158.8	167.1	–	–
Family Growth Ser 3	81.04	81.84	–	–
Family Performance Fd	182.7	192.3	–	–
Family Performance Ser 3	55.20	56.20	–	–
Family Safety First Fd	69.60	69.60	–	–
Sovereign Ser 1	115.5	121.6	–	–
Sovereign Ser 3	96.35	96.35	–	–
Building Societies	280.2	280.2	–	–
United Charities Ethical Ex	63.32	63.32	–	–
Fam 2000 (Time on ISA)	297.40	297.40	–	–
Tax Exempt (Time)	171.08	178.22	–	–
Life				
Fmly Concentrated Gth	212.8	224.0	–	–
Global Growth	268.50	285.75	–	–
Global Enterprise	252.80	265.75	–	–
Global Managed	264.87	278.94	–	–
Global Fixed Interest	163.81	174.08	–	–
Sterling Haven	145.19	154.46	–	–
Pension				
Freeway Managed	120.3	128.6	-0.65	–
Pensions Managed	88.95	104.2	-0.66	–
Pensions Safety First	74.42	78.33	-0.03	–
Countdown Equity	98.14	103.5	-0.29	–
Countdown Fixed Interest	68.04	72.87	+0.130	–
Global Growth	338.90	350.42	–	–
Global Growth 2	147.18	154.94	–	–
Global Enterprise	314.02	334.07	–	–
Global Enterprise 2	145.78	153.46	–	–
Global Managed	320.01	340.45	–	–
Global Managed 2	146.58	154.29	–	–
Global Fixed Interest	170.33	180.79	–	–
Global Fixed Interest 2	113.76	119.75	–	–
Sterling Haven	164.73	175.26	–	–
Sterling Haven 2	120.44	126.78	–	–
Lancashire And Yorkshire Funds				
Capital Secure	300.09	314.38	–	–
Balanced Portfolio	257.14	262.30	–	–
Unit Builder	167.75	171.18	–	–
Investor	193.35	197.21	–	–
Capital Builder	114.38	120.41	–	–

Fleming Life Ltd
25 Copthall Avenue, London EC2R 7DR 0171 980 3400

	Selling Price	Buying Price	+ or -	Yield Gross
Institutional Funds				
American Pens	87.6	87.6	-0.8	–
Annuity Protection Pens	73.7	73.7	+0.6	–
Cash Pens	97.7	97.7	–	–
Continental European Pens	73.7	73.7	-0.7	–
Global Bond Pens	85.2	85.2	+0.5	–
Global Equity Pens	70.7	70.7	-0.6	–
International Equity Pens	58.5	58.5	-0.9	–
Japanese Pens	31.9	31.9	+0.2	–
Latin American Pens	70.7	70.7	-2.7	–
Managed Pens	88.6	88.6	-0.4	–
Pacific Pens	34.0	34.0	-0.6	–
Specialist UK Equity Pens	78.1	78.1	-0.7	–
UK Bond Pens	65.5	65.5	+0.4	–
UK Equity Pens	77.5	77.5	-0.4	–
UK Index Linked Bond Pens	62.3	62.3	+0.1	–

Forester Life (z)
2 Cromwell Avenue, Bromley BR2 9AQ 0345 660011

	Selling Price	Buying Price	+ or -	Yield Gross
Balanced	212.2	223.0	–	–
Pension Balanced	244.7	260.4	–	–
Football Plan	95.1	101.3	–	–

Friends Provident
Castle Street, Salisbury, Wilts SP1 3SH 01722 413366

	Selling Price	Buying Price	+ or -	Yield Gross
Life Funds				
Managed	429.1	451.7	(0)	–
UK Equity	620.1	652.8	(0)	–
Stewardship	604.4	631.0	(0)	–
Overseas Equity	381.9	402.0	(0)	–
North American	245.2	258.2	(0)	–
Pacific Basin	122.5	129.0	(0)	–
European	388.8	409.3	(0)	–
Property	209.1	220.7	(0)	–
Fixed Interest	303.9	322.0	(0)	–
Index Linked	204.9	215.7	(0)	–
Cash	227.3	239.3	(0)	–
With Profit	222.9	234.7	(0)	–
With Profit Ser 2	147.2	155.0	(0)	–
With Profit Ser 3	123.6	130.0	(0)	–

Guardian Royal Exchange - Contd.

	Selling Price	Buying Price	+ or -	Yield Gross
Guardian Linked Life Assurance Ltd				
Managed Initial	588.30	619.30	-7.20	–
Do. Accum.	900.50	948.00	-11.00	–
Equity Initial	980.60	1030.60	-16.20	–
Do. Accum.	1508.50	1587.80	-24.70	–
Fixed Interest Acc	804.50	846.90	+2.80	–
International Acc	796.20	806.50	+0.20	–
Nth American Acc	410.30	431.90	-2.70	–
Pacific Acc	195.40	205.40	-2.00	–
European Acc	188.80	198.70	-2.20	–
Property Acc	306.10	322.20	–	–
Index-Linked Acc	256.50	270.00	+0.50	–
Deposit Accum	320.80	337.70	–	–
Guardian Pension Management Ltd				
Pens. Managed Initial	745.70	784.90	-10.00	–
Pens. Managed Acc	1114.30	1172.90	-14.90	–
Pens. Equity Initial	1112.10	1170.60	-20.20	–
Pens. Equity Acc.	1661.60	1749.30	-30.10	–

Halifax Life Ltd
PO Box 205, York YO1 1YB 01904 611110

	Selling Price	Buying Price	+ or -	Yield Gross
Life Funds				
Foundation	34.82	36.76	-0.28	–
Balanced	34.48	36.29	-0.38	–
Opportunity	34.68	36.51	-0.33	–
Deposit	28.77	28.18	+0.02	–
Pension Funds				
Foundation Ser 2	27.18	28.62	-0.20	–
Balanced Ser 2	27.37	28.81	-0.36	–
Opportunity Ser 2	26.62	28.02	-0.33	–
Deposit Ser 2	25.18	26.51	–	–

Hearts of Oak Insurance Group
Hearts of Oak House, 9 Princess Rd West, Leicester LE1 6TH 0116 2548010

	Selling Price	Buying Price	+ or -	Yield Gross
HOFS Life Funds				
Property	59.2	61.6	–	–
Managed	447.6	475.7	–	–
Tax Exempt	243.6	258.4	–	–
Nova Mixed	173.6	184.5	–	–
Nova Property Series 2	129.9	138.0	–	–
Nova European	196.5	208.8	–	–
Nova Gilt Edged	165.4	175.8	–	–
Nova With Profits	134.4	142.8	–	–
A A Fund	375.5	375.5	–	–
LAMBAR Life Funds				
Equity	293	311.4	–	–
Equity Series 2	105.1	111.7	–	–
International	77.5	82.3	–	–
Deposit	89.1	94.7	–	–
With Profits	110.2	117.1	–	–
HOFS Pension Funds				
Lifetime Managed	155	164.7	–	–
Lifetime Equity	162	161.5	–	–
Lifetime Property	111.7	118.7	–	–
Lifetime with Profit	134.4	142.8	–	–
Property Pension	58.2	61.6	–	–
Pension Managed	389.9	409.5	–	–
P.P. Managed	255.7	269.2	–	–
App Managed	125.3	131.9	–	–

For Hill Samuel Life see Abbey Life Assurance

Homeowners Friendly Society Limited
PO Box 94, Homeowners Park Avenue, Harrogate 01423 844000

	Selling Price	Buying Price	+ or -	Yield Gross
HFS Managed Fd 3	234.1	246.4	–	–
HFS Tax Exempt Mngd Fd 3	290.2	305.5	–	–
HFS Green Chip	187.1	196.9	–	–
HFS Tax Ex Green Chip	196.0	206.1	–	–
Mentor Fund Exempt	181.0	190.6	–	–
Green Chip (2) Exempt	181.7	190.8	–	–
MBM Regent Exempt	179.6	189.1	–	–
Mentor Fund	164.1	172.7	–	–
Green Chip (2)	177.7	187.1	–	–
UK Managed	193.1	203.3	–	–
Ballymount	158.8	166.2	–	–
Far Eastern Exempt	91.5	96.3	–	–
Gt Britain Cos Exempt	228.5	240.6	–	–
Solid Growth Fd	122.0	128.4	–	–
Great British Growth 1	111.8	117.7	–	–
Great British Growth 2	117.7	117.7	–	–
Green Chip Gwth	101.9	107.2	–	–
Manchester Managed Savings Plan				
HFS Managed Fd 1	221.8	233.2	–	–
HFS Tax Exempt Mngd Fd 1	262.2	276.0	–	–

Ideal Benefit Society
Moor Green Lane, Birmingham B13 8NG 0121–449 4101

London & Manchester Assurance - Contd.

	Selling Price	Buying Price	+ or -	Yield Gross
Exempt Pension Funds				
Unit With Profits Cap	139.0		–	–
Unit With Profits Acc	702.5		–	–
Flexible Cap	788.2		+0.5	–
Flexible Acc	1687.7		+1.5	–
Investment Trust Cap	1444.7		+0.2	–
Investment Tst Acc	3062.8		+0.8	–

M & G Life and M & G Pensions
Victoria Road, Chelmsford, CM1 1FB 01245 390000

	Selling Price	Buying Price	+ or -	Yield Gross
Amer Bond (Acc)	854.3	897.6	-5.4	–
Amer Rec Bond (Acc)	798.7	838.8	-0.7	–
Amer Smr Co Bd (Acc)	331.9	348.5	-4.7	–
Australasian Bd (Acc)	285.8	300.0	+1.3	–
Balanced Income & Growth	107.4	112.8	-0.4	–
Capital Gth Bond (Acc)	240.8	252.9	-1.3	–
Commodity Bond (Acc)	308.9	324.5	-3.5	–
Corporate Bond	103.2	108.4	–	–
Deposit Bond (Acc)	408.2	428.7	+0.1	–
Dividend Bd	117.5	123.4	-1.1	–
Equity Bond (Acc)	2077.0	2180.9	-11.5	–
Equity Bond Bonus	698.1	733.1	-3.8	–
European Bond (Acc)	580.1	619.7	-13.0	–
European Div Bond (Acc)	244.8	258.0	-9.7	–
Europe Smaller Cos Bond	115.7	121.5	-0.8	–
Extra Income (Acc)	1122.7	1179.0	-10.7	–
Gilt Bond (Acc)	354.9	373.2	+0.9	–
Gilt Distribution Bd	95.30	100.2	+0.1	–
Gold Bond (Acc)	108.5	114.0	-2.4	–
High Yield Bond (Acc)	456.0	478.9	-7.3	–
Index-Linked Gilt (Acc)	249.2	261.8	–	–
Interest Bond (Acc)	864.8	908.1	-5.8	–
Interest Inc Bond (Acc)	395.0	414.9	+2.1	–
Japan Bond (Acc)	143.7	151.0	+0.8	–
Japan Smaller Co (Acc)	157.1	165.0	-1.2	–
Managed Bond (Acc)	1138.1	1195.1	-24.7	–
Managed Growth Bond	116.2	122.1	-0.5	–
Managed Income Bond	131.8	138.5	-0.7	–
Managed Income Bond Ser B	130.8	137.4	-1.7	–
Managed Income Bond Ser C	130.0	136.6	-0.6	–
Property Bond (Acc)	572.4	601.1	+0.7	–
Recovery Bond (Acc)	1094.1	1148.8	-7.5	–
Smaller Co's Bond	208.4	218.9	+1.2	–
South East Asia Bond (Acc)	218.8	229.8	-3.7	–
Pensions Funds				
American (Acc)	1395.2	1465.0	-22.5	–
Building Soc (Acc)	299.8	314.7	(0)	–
Capital Growth (Acc)	264.1	277.4	-2.8	–
Deposit (Acc)	488.8	513.3	+0.1	–
Dividend Pension	125.5	131.8	-1.9	–
European (Acc)	672.0	705.7	-9.3	–
European Div (Acc)	280.1	294.2	-2.0	–
European Smaller Cos Pens	118.2	124.3	-1.0	–
Equity (Acc)	1721.7	1807.8	-22.9	–
Gilt (Acc)	1040.0	1092.1	+2.8	–
Gold (Acc)	89.20	93.80	-2.3	–
Index-Lnkd Gilt (Acc)	298.4	313.4	-0.1	–
International (Acc)	358.9	376.9	-5.5	–
Intl Inc (Acc)	498.8	523.8	-3.7	–
Japan (Acc)	134.9	141.5	+0.8	–
Managed (Acc)	1238.5	1300.5	-14.9	–
Managed Income	171.3	180.0	-1.5	–
PPP Fund (Acc)	1211.8	1272.3	-18.3	–
Pacific (Acc)	536.8	568.0	-15.8	–
Property (Acc)	372.6	391.2	+0.8	–
Recovery (Acc)	887.8	932.4	-10.7	–
UK Income (Acc)	461.7	484.8	-3.4	–
Personal Pension (Acc)	5124.8		-73.6	–
Institutional Pension Funds				
American Equity	838.6	838.6	-14.3	–
Balanced	788.2	788.2	-8.8	–
Cash	1044.2	1044.2	+0.2	–
European Equity	1029.1	1029.1	-13.6	–
Index Linked Gilt	1058.4	1058.4	-0.3	–
Japanese Equity	633.0	633.0	+2.5	–
Overseas Fixed Interest	1017.2	1017.2	+0.8	–
Pacific Basin Equity	512.2	512.2	-14.3	–
UK Equity	1158.2	1158.2	-74.8	–
UK Fixed Interest	1010.8	1019.8	+1.5	–
Retirement Protection	1180.7	1180.7	+2.7	–

MGM Assurance (z)
MGM House, Heene Rd, Worthing 01903 204631

	Selling Price	Buying Price	+ or -	Yield Gross
Bonus Growth Acc	209.8	220.7	–	–
Deposit Acc	248.5	259.6	–	–
European Acc	252.5	265.3	-3.6	–
Fixed Interest Acc	514.2	541.3	+0.5	–
Intl Equity Acc	177.4	186.8	-1.8	–
Lazard Managed Acc	179.8	189.1	-1.7	–

MANAGEMENT SERVICES

IPS Capital Management PLC
17a Old Bond Street, Bath 01225 489424

	Selling Price	Buying Price	+ or -	Yield Gross
Recommended Pfolio Acc	171.8	181.5	-1.0	–
Select Equities P'folio	169.9		-0.1	–
Private Portfolio(z)	227.7	238.8	+0.3	–

Johnson Fry Asset Managers Plc
20 Regent Street, London, SW1Y 4PZ 0171–839 5688

	Selling Price	Buying Price	+ or -	Yield Gross
JF M&G Managed WPF (9)	218.9	229.9	-1.0	–
JF Protected Gwth Bond	315.5		–	–
JF M&G WPF	116.7	122.6	-5.1	–

Macartney & Dowie Invest Mngt Plc
57 Mawney Rd, Romford, Essex 01708 735544

	Selling Price	Buying Price	+ or -	Yield Gross
Mngd Fund (SK)	207.3	218.2	-4.5	–
Mngd Preferenc (M&G)	188.9	188.4	-0.5	–
Worldwide Inc (PC)	130.0		-0.5	–
Pensions				
Managed Fund (SK)	322.5	339.4	-1.6	–
Retrmt Strtgy (Sc&G)	104.4	109.9	–	–
Offshore Funds				
Universal (Alb)	162.3		–	–

Singer & Friedlander Portfolio Mngt Ltd
21 New Street, EC2M 4HR 0171 929 0700

	Selling Price	Buying Price	+ or -	Yield Gross
SF FP Global Inc & Gth	198.8	209.2	–	–
SF FP Investment Trust	187.7	197.5	–	–
SF Albany	173.1	182.1	-1.7	–
SF Albany (ind)	123.0	129.5	-0.7	–
SF AL Offshore Portfolio	£1.541		+0.024	–
SF Henderson No 3	137.4	144.7	+0.2	–
SF M&G	191.0	200.7	-1.8	–
SF M&G (cap)	87.70	92.20	-0.8	–
SF Scottish Provident (old)	182.9	192.6	(0)	–
SF Scottish Provident (new)	174.0	183.2	+0.1	–
SF Scottish Provident (cap)	118.1	124.3	–	–
SF RL Global Inc & Gth	£1.875	1.875	–	–
SF RL Secure Inc & Gth	£1.471	1.471	–	–

Charles Stanley & Co Ltd
25 Luke Street, London EC2A 4AR 0171–739 8200

	Selling Price	Buying Price	+ or -	Yield Gross
Ch Stanley RHL Fd	747.50	786.80	–	–

J. D. Ward Financial Services Ltd
20 Little Britain, London EC1A 7DH 0171 726 4057

	Selling Price	Buying Price	+ or -	Yield Gross
Old Mutual Mngd Pens	175.7	185.0	-1.7	–
Albany Worldwide Pens	400.3	430.8	-5.7	–
M&G Tripod Pen Acc	311.1	326.8	-2.2	–
PEPC WW Growth (Pen Acc)	293.5	308.9	+0.1	–
Scottish Equitable Pension	169.8	178.5	-0.30	–

Money Market Trust Funds

CafCash Ltd
Kings Hill, West Malling, Kent ME19 4TA 01732 520033

	Gross	Net	Gross CAR	Int Cr
CafCash High Interest Cheque Acc	6.98	–	7.17	3 Mths
Cat Bnd Balances over £1 Million	7.13	–	7.33	3 Mths
Caf Bnd Balances Over £2 Million	7.23	–	7.43	3 Mths

The COIF Charities Deposit Fund
2 Fore Street, London EC2Y 5AQ 0171 588 1815

	Gross	Net	Gross CAR	Int Cr
Deposit	7.10%	–	7.29%	3-Mth

Cent. Bd. of Fin. of Church of England‡
2 Fore Street, London EC2Y 5AQ 0171–588 1815

	Gross	Net	Gross CAR	Int Cr
Deposit	7.10%	–	7.29%	3-Mth

Money Market Bank Accounts

American Express Bank Ltd
Sussex House, Burgess Hill RH15 9AQ 01273 693 555

	Gross	Net	Gross CAR	Int Cr
High Performance Cheque Account				
£500–£999.99	1.00	0.75	1.00	Mth
£1,000–£4,999.99	3.50	2.63	3.56	Mth
£5,000–£9,999.99	3.75	2.81	3.82	Mth
£10,000–£24,999.99	4.00	3.00	4.07	Mth
£25,000–£49,999.99	4.25	3.19	4.33	Mth
£50,000+	4.75	3.56	4.85	Mth

Bank of Scotland
38 Threadneedle St, EC2P 2EH 0500 828888

	Gross	Net	Gross CAR	Int Cr
MM Chq Acc (Pers) £250,000+	6.75	5.40	6.98	Mth
£100,000–£249,999	5.75	4.60	5.90	Mth
£25,000–£99,999	5.50	4.40	5.64	Mth
£2,500–£24,999	4.25	3.40	4.33	Mth

Bank of Scotland
38 Threadneedle St, EC2 2EH 0500 828000

	Gross	Net	Gross CAR	Int Cr
MM Chq Acc (Bus) £250,000+	6.75	5.40	6.98	Mth
£100,000–£249,999	5.25	4.20	5.38	Mth
£25,000–£99,999	4.25	3.40	4.33	Mth
£5,000–£24,999	3.00	2.40	3.04	Mth

Brown Shipley & Co Ltd
Founders Court, Lothbury, London EC2 0171 600 7580

	Gross	Net	Gross CAR	Int Cr
HICA	5.500	4.500	5.625	Qtr
Prof Demand A/c	5.750	4.600	5.875	Qtr
£50,000–£100,000 1 Mth Depo	7.125	5.700	7.363	Mth
£100,000 + 1 Mth Depo.	7.250	5.800	7.496	Mth
£100,000 + 3 Mth Depo.	7.313	5.850	7.518	Qtr

Cater Allen Ltd
20 Birchin Lane, London EC3V 9DJ 0171–623 2070

	Gross	Net	Gross CAR	Int Cr
HICA	5.00	4.07	5.11	Mth
CHICA	5.00	4.07	5.11	Mth
Pension Account	6.50	–	6.69	Mth
Overnight £100,000+	6.56	–	6.76	Mth

Charterhouse Bank Limited
1 Paternoster Row, EC4M 7DH. 0171–248 4000

	Gross	Net	Gross CAR	Int Cr
£2,500–£19,999	5.25	4.20	5.38	Mth
£20,000–£49,999	5.50	4.40	5.64	Mth
£50,000–£99,999	5.75	4.60	5.90	Mth
£100,000+	6.00	4.80	6.17	Mth
$5,000–$49,999	3.50	2.80	3.56	Mth
$50,000–$99,999	4.00	3.20	4.07	Mth
$100,000–$199,999	4.25	3.40	4.33	Mth
$200,000+	4.50	3.60	4.59	Mth

Many other currencies are available - for rates please telephone ex 2188

Clydesdale Bank Current Gold Acc
30 St Vincent Place, Glasgow G1 2HL 0141–248 7070

	Gross	Net	Gross CAR	Int Cr
£1–£49,999	5.75	4.60	5.90	Mth
£50,000–£249,999	5.75	4.60	5.90	Mth
£250,000 and over	5.75	4.60	5.90	Mth

The Co-operative Bank
PO Box 300, Skelmersdale, Lancs 0345 252000

	Gross	Net	Gross CAR	Int Cr
TESSA £9000	7.25	–	–	Yearly
Pathfinder – Card Based Deposit Account				
£5000+	5.68	4.54	5.83	Mth
Save Direct				
£100,000 – £500,000	7.00	5.60		Yearly
£50,000+	6.78	5.42		Yearly
£25,000+	6.68	5.34		Yearly
£10,000+	6.18	4.94		Yearly
£5,000+	5.68	4.54		Yearly
£1,000+	5.18	4.14		Yearly
Business Deposit – Instant Access				
Up to £2,490	–			
£2,500+	3.25	2.60	3.28	6-Mth
£10,000+	3.75	3.00	3.79	6-Mth
£50,000+	4.00	3.20	4.04	6-Mth
£250,000+	4.75	3.8	4.81	6-Mth

30-90 day notice available Tel 0345 213213

Coutts & Co
440 Strand, London WC2R 0QS 0171–753 1256

	Gross	Net	Gross CAR	Int Cr
Coutts Composite Account for clients monies				
Rates negotiable up to	6.875	–	–	Neg

Fidelity Money Market Account
Fidelity Brokerage Services, Kingswood Place, Tadworth Surrey, KT20 6RB

	Gross	Net	Gross CAR	Int Cr
£1–£999	2.500	2.000	2.524	Qtr
£1,000–£9,999	5.500	4.400	5.614	Qtr
£10,000–£24,999	6.000	4.800	6.136	Qtr
£25,000–£99,999	6.500	5.200	6.660	Qtr
£100,000+	6.700	5.360	6.870	Qtr

£500,000+ Money Market Rates on request

Halifax Plc Reserve Cheque Acc
Trinity Road, Halifax HX1 2RG 01422 335333

	Gross	Net	Gross CAR	Int Cr
Rates for personal customers				
£50,000 and above	6.15	4.92	6.29	Qtr
£25,000 to £49,999	5.85	4.68	5.98	Qtr
£10,000 to £24,999	5.50	4.40	5.61	Qtr
£5,000 to £9,999	4.80	3.84	4.89	Qtr
Rates for non-personal customers				
£50,000 and above	5.55	4.44	5.67	Qtr
£25,000 to £49,999	5.10	4.08	5.20	Qtr
£10,000 to £24,999	4.85	3.88	4.94	Qtr
£5,000 to £9,999	4.65	3.84	4.83	Qtr

Julian Hodge Bank Ltd
10 Windsor Place Cardiff CF1 3BX 01222 220800

	Gross	Net	Gross CAR	Int Cr
3 Mth Variable Rate Dep Acc	7.75	6.20	7.98	Qtly
6 Mth Fixed Rate Deposit Acc.	7.625	6.10	7.77	–
1 Year Fixed Rate Deposit Acc	7.75	6.20	7.75	Yearly

Investec Bank (UK) Ltd
25 Dowgate Hill, London, EC4R 2AT 0171–203 1650

	Gross	Net	Gross CAR	Int Cr
Instant Cheque Account £2,001	4.65	3.72	4.75	Mth
Premium Cheque Account £2,001	5.20	4.16	5.33	Mth
Premier Cheque Account £5,000	6.45	5.16	6.64	Mth
1 Month Notice £2,001	6.75	5.40	6.96	Yearly
3 Month Notice £2,001	7.25	5.80	7.50	Yearly
6 Month Notice £2,001 – £9,999	7.30	5.84	7.55	Yearly
£10,000 – 24,999	7.40	5.92	7.68	Yearly
£25,000+	7.60	6.08	7.78	Yearly
Premier Tessa £9,000	7.58	6.06	7.85	Yearly
Open End £25,000 Fix 3 Mnths	6.75			
Last 3 Months	7.75			

Kleinwort Benson Private Bank
a division of Kleinwort Benson Investment Management Ltd
PO Box 14500, London, EC3M 3LL 0171 956 5144

	Gross	Net	Gross CAR	Int Cr
H.I.C.A. (£2,500+)	6.45	5.16	6.64	Mth

Nationwide Bldg Soc – BusinessInvestor
Business High Interest Cheque Account
Pipers Way, Swindon SN38 1NW 0345 302010

	Gross	Net	Gross CAR	Int Cr
£2,000–£4,999	3.80	3.04	3.85	Qtr
£5,000–£9,999	4.10	3.28	4.16	Qtr
£10,000–£24,999	4.50	3.60	4.58	Qtr
£25,000–£49,999	4.90	3.92	4.99	Qtr
£50,000+	5.30	4.24	5.41	Qtr

Royal Bank of Scotland plc
Corporate Money Market Account
42 St Andrew Square, Edinburgh EH2 2YE 0131 523 5985

	Gross	Net	Gross CAR	Int Cr
£100,000–£249,999	4.47	3.58	4.55	Qtr
£250,000–£499,999	5.80	4.64	5.93	Qtr
£500,000–£999,999	6.54	5.23	6.70	Qtr
£1,000,000–£1,999,999	6.90	5.52	7.08	Qtr
£2,000,000–£5,000,000	7.00	5.60	7.19	Qtr

Royal Bank of Scotland plc Private Clients Acc
42 St. Andrew Square, Edinburgh EH2 2YE 0131 523 7084

	Gross	Net	Gross CAR	Int Cr
£1,000,000	7.10	5.68	7.34	Mth
£500,000 – £999,999	6.85	5.48	7.07	Mth

Save & Prosper/Robert Fleming
16–22 Western Rd, Romford RM1 3LB. 0800 829024

	Gross	Net	Gross CAR	Int Cr
Chqe Account	5.11	4.09	5.21	Qtly
TESSA Fixed 1 Year	6.25	–	6.25	Yearly
TESSA Variable	6.25	–	6.25	Yearly
Premier Acc £10,000+	4.15	3.31	4.23	Qtly
Investment Account £5,000+	6.00	4.80	6.14	Qtly
Sovereign 30 £10,000+	7.30	5.84	7.56	Mth
Sovereign 30 £25000+	7.39	5.91	7.65	Mth

J. Henry Schroder & Co Ltd/Special Account
120 Cheapside, London EC2V 6DS 0171–658 3301

	Gross	Net	Gross CAR	Int Cr
£2,500+	6.40	5.12	6.59	Mth

Fixed Deposit Rates – available on request

United Dominions Trust Ltd
PO Box 92, Herts, EN4 0DY 0181–447 2438

	Gross	Net	Gross CAR	Int Cr
Capital Plus Cheque Account				
£5,000+	6.60	6.28	6.77	Qtr

United Trust Bank Ltd
1 Great Cumberland Pl, London W1H 7AL 0171–258 0084

	Gross	Net	Gross CAR	Int Cr
£10,000–90 day notice	7.00	5.60	7.19	3-Mth
£10,000–180 day notice	7.75	6.20	7.90	6-Mth

● NOTES

Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax.

Net: Rate of interest payable after allowing for deduction of basic rate income tax.

Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'.

Int Cr: Frequency at which interest is credited to the account.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (FSA RECOGNISED)

Fidelity Currency Funds Ltd
Pembroke Hall, Pembroke, Bermuda
UK Pvt Advisers 0800 414181 Jersey 01534 71696
Private Clients 0800 414161 00 352 250404238
From O'seas (44) 1732 777377 Hong Kong (852) 848 1000

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
A$ Accum			A$20.180		+0.002	3.70
C$ Accum			C$18.307		+0.001	3.90
DM Accum			DM39.269		+0.003	2.40
DKr Accum			DK92.401		+0.002	2.20
ECU Accum			Ecu13.890		+0.001	3.30
FFr Accum			FFr64.800		+0.004	2.30
HK$ Accum			HK$128.48		+0.01	8.70
Lire Accum			L25365		+3	5.20
NZ$ Accum			NZ$43.174		+0.008	7.40
£ Accum			£14.000		+0.002	6.30
SFr Accum			SFr29.510		—	0.13
US$ Accum			$34.873		+0.003	4.60
Yen Accum			Y2953.6		—	0.10

Prices for dealing January 8

Jupiter Asset Management (Bermuda) Ltd
PO Box HM1256, Hamilton, Bermuda 001 441 292 2760
Jupiter Tyndall World Umbrella Fund Ltd

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Eurobond			$16.40	17.29	-0.1	3.76
Money			$14.65	15.39	—	5.03
Mortgage			C$25.12	26.38	+0.14	6.8
North American			$17.37	18.25	+0.56	0.00
Overseas			$13.37	14.05	+0.33	0.00
Tiger			$9.10	9.57	+0.03	0.00
UK Small Cos			£1.50	1.58	+0.01	0.00

Newport Investment Management
20 Reid St, PO Box HM 3336 Hamilton Bermuda
UK 0171 536 9786 Dealing: 01481 707080

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Npt. Pacific	5		$2.06		-0.08	-
Npt Pacific			£1.83		-0.04	-
Newport Tiger Fd			$3.54		-0.15	-
Newport Tiger Fd			£2.18		-0.09	-

Orion Fund Limited
6 Front St, Hamilton, HM11, Bermuda HM 11441 232 6370

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Orion Jan 2			$34.67		—	-

BERMUDA (REGULATED)(**)

Aristocrat Capital Management Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Aristocrat Endeavor Fd	$22.75		..	-

Bermuda Intl Invmt Mgmt Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Anchor Intl Jan 6	$28.67	28.68xd	...	1.23
Bermuda Bond Funds Ltd				
Intl (USD) Cap Jan 7	$51.12	53.87	--	-
Intl (USD) Inc Jan 7	$9.26	9.37xd	--	8.54
Intl (ECU) Cap Jan 7	Ecu20.59	20.80	--	-
Intl (ECU) Inc Jan 7	Ecu13.39	13.53xd	--	5.91
Intl (Sterling) Cap Jan 7	£19.72	19.92	--	-
Intl (Sterling) Inc Jan 7	£11.23	11.35xd	--	8.81
Intl US Bond Cap Jan 7	$13.48	13.61	--	-
Intl US Bond Inc Jan 7	$7.90	7.94xd	--	6.76
Bermuda Equity Funds Ltd				
Intl (USD) Jan 7	$24.87	25.37	-	-
Intl (Sterling) Jan 7	£15.87	16.14	-	-
Intl (ECU) Jan 7	Ecu18.01	18.38	-	-
North American Jan 7	$23.91	24.40	-	-
Japanese Jan 7	$4.50	4.60	-	-
European Jan 7	$21.54	21.98	-	-
Pacific Rim Jan 7	$12.69	12.96	-	-
Bermuda Money Funds Ltd				
US Dollar	$12.35		--	5.4375
Deutschmark	DM11.42		--	2.8725
Sterling	£12.57		--	7.0000
Canadian $	C$11.89		--	3.0875
Global Manager (z)				
UK Index	$18.35		..	-

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Fst Capital Ltd Cm Del Pfd's	$9.2615		--	-
Emerging Mkts Loan Inv Pfds	$2.844		--	-
Local Currency Debt Portfolio	$10.1872xd		--	-
Russian Debt Portfolio	$11.5444		--	-

Apollo Investment Management Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Japan	£5.933	6.312	...	-
Japan	$9.62	10.232	...	-
Tiger	£6.478	6.893	...	-
Tiger	$10.532	11.207	...	-
European	£11.772	12.528	...	-
European	$19.12	20.382	...	0
Hedge	£10.1606	10.826	...	-
Hedge	$17.1207	18.223	...	-
Californian	£9.038	9.6	...	0.09
Californian	$14.66	15.594	...	-

Arab Bank Fund Managers (Guernsey) Ltd
AB International Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Managed Currency	$11.58	11.62	—	-
International Bond	$11.73	11.77	—	-

BFIT Investment Services Limited

	Selling Price	Buying Price	+ or -	Yield Gross
Bangkok Jan 7	$35.07			-

Barclays Global Investors Guernsey Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Japan Index Fund	Y1882	1903	—	-

Butterfield Fund Managers (Guernsey) Ltd

IRELAND (FSA RECOGNISED)

AIB Fund Management Ltd
AIB Investment Hse, Percy Place, Dublin 4 00 3531 661 7077
AIB Investment Fund Umbrella Fund

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Cautiously Managed	5		£1.0587	1.1235	..	-
Managed Growth	5		£1.1496	1.2229	..	-

BT Fund Managers (Ireland) Ltd (u)
80 Harcourt Street, Dublin 2 00 3531 7902400
BT Global Assets Fund

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Global High Yield Inc			$13.27	13.97	—	-
Global High Yield Acc			$14.05	14.78	—	-
Latin American Equity Inc			$13.78	14.51	—	-
Latin American Equity Acc			$13.78	14.51	—	-
Global Bond Inc			$11.36	11.73	—	-
Global Bond Acc			$11.89	12.26	—	-
Managed Dollar Inv			$1.00		—	5.41
Managed Dollar Adv			$1.00		—	5.82
Managed Dollar Inst			$1.00		—	5.78
Enhanced Managed Dollar			$1156.08			
Enhanced Managed Dollar Adv			$1156.05			
US Smaller Cos Inc H			$15.54	16.38		
US Smaller Cos Acc H			$15.54	16.38		
BT International Investment Series						
Asian Growth Inc			$6.5700	6.9175	—	-
Asian Growth Acc			$7.2350	7.6173	—	-
European Growth Inc			$24.1475	25.4200	—	-
European Growth Acc F			$27.885	29.1525	—	-
Intl Growth Inc			$29.769	30.8025	—	-
Intl Growth Acc F			$22.685	23.7825	—	-

Bank of Cyprus Group
1 Harbourmaster Place, IFSC Dublin 1 353 18700300
BOC International Fund Management Ltd

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
BOC Global Equity (u)				1.2627	—	-

Baring International Fund Managers (Ireland) Ltd
IFSC Hse, Custom Hse Docks Dublin 0171-628 6000

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Eastern Europe F	5		$15.65	16.44	-0.34	0.00
Do £ (Indicator Only) F	5		£9.66	10.15	-0.17	0.00
Emerging World Inc			$0.743	0.781	-0.019	0.00
French Growth (u)			FFr91.82	96.52	-0.91	0.00
Global Resources US$			$11.58	12.17	-0.31	0.00
Do £ (Indicator Only)			£7.17	7.52	-0.18	0.00
High Yield Bond	5		$12.65	13.29	-0.1	7.60
Japan Smaller Cos	5		$4.88	5.13	+0.09	0.00
World Bond Ecu Inc			Ecu13.73	14.42	+0.02	4.65
World Bond Stlg (u) F	5		£1.02	1.08	+0.01	4.33

Christows Investments Plc
1a Bow Lane, Cheapside, EC4M 9EE 0171 236 7100

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Global Portfolio Solution A F	5		109.30		-0.77	-
Global Portfolio Solution B F	5		112.27		-0.79	-
Restricted Risk Portfolio A F	5		108.78		-0.89	-
Restricted Risk Portfolio B F	5		111.09		-0.91	-
Accelerated Growth Portfolio A F	5		113.72		-0.92	-
Accelerated Growth Portfolio B F	5		116.84		-0.94	-
Income Portfolio A F	5		104.72xd		-0.07	6.00
Income Portfolio B F	5		107.21xd		-0.07	6.00

Coutts Fund Managers Limited
Georges Quay, Dublin 2, Ireland 00 3531 6084390
Coutts Global Fund

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Nth American Equity F			$25.62		-0.33	0.00
UK Equity F			£17.80		+0.04	2.2
Contl European Equity F			Ecu209.34			0.3
Japan Equity F			Y4298.00		+8.00	0.00
Pacific Basin Equity F			$16.39		-0.59	1.2
Global Equity F			SFr163.07		-2.73	0.00
Dollar Income F			$19.25		+0.05	4.8
Sterling Income F			£11.23		+0.07	6.0
Deutsche Mark Income F			DM108.10		+0.15	4.7
Euro Currency Income F			Ecu104.11		+0.19	5.5
Global Income—Stlg F			£17.71			5.9
Global Income—SwFr F			SFr97.59		-0.38	3.1
Japanese Convertible F			SFr104.32		-0.71	0.1
Managed Assets Stlg F			£12.99		-0.02	3.3
Global Small Cap Equity F			$22.39		-0.39	0.00
Swiss Equity F			SFr156.04		-1.26	0.00
Coutts Liquidity Fund Plc						
Dollar Class F			$47.24			5.4
Sterling Class F			£35.38		+0.01	7.2
D-Mark Class F			DM103.09		+0.01	3.2
Swiss Franc Class F			SFr108.82		+0.03	1.1

Daiwa Europe Fund Mgrs Ireland Ltd
Harcourt Centre, Harcourt Road, Dublin 2 00 3531 4783700

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
TAA Japan Plc H	5		Y658.06			-

Dresdner Kleinwort Benson Intl Mgt Services Ltd
La Touche House, IFSC, Dublin 1 00 3531 6701444

Scottish Value Management (Ireland) Ltd (u)
Custom Hse Plaza, Dublin 1 00 3531 6071600

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
UK Growth			£2.99	3.14	—	-
European Growth			£3.65	3.82	—	-
Broker Value			£1.4317		—	-
Relative Value H			£1.0345		—	-

Dragon Korea Fund Plc

	Selling Price	Buying Price	+ or -	Yield Gross
NAV	$0.135		—	-

Dresdner Kleinwort Benson Int Mgt Srv
Al Mezzan Commodity Fund Plc

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Jan 8	$100.85		—	-

Eagle Star European Life Assurance Co Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Sterling Stable	£1.015	1.068		-

Singer & Friedlander Inv Funds Ltd (u)
21 New Street, Bishopsgate, EC2M 4HR 0171-626 6226

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
UK Equity Income	4½		107.34xd		-1.45	4.48
UK Equity Income	4½		Pta289.43xd		-3.26	4.48
UK Equity Income	4½		FFr10.64xd		-0.73	4.48
Sterling Reserve	0		101.15xd		+0.02	5.35
Deutschmark Reserve	0		101.65xd		-0.13	3.88
Dollar Reserve	0					-
Corporate Income	4½		103.52xd		-0.04	5.15
Corporate Income	4½		Pta258.48xd		-1.78	5.15
Corporate Income	4½		FFr10.20xd		-0.07	5.15
Tai Pan	4½		66.85		-1.42	0.00
Tai Pan	4½		Pta165.87		-3.32	0.00
Tai Pan	4½		FFr6.59		-0.13	0.00

Edgehill Select Group

	Selling Price	Buying Price	+ or -	Yield Gross
The Wall Street Trl	$11.34		—	-

Egerton Capital European Fund Plc

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Jan 8	£26.70		+0.73	-

Emerging Market Growth Fund Plc

	Selling Price	Buying Price	+ or -	Yield Gross
NAV	$0.026		—	-

F.I.T. Investment Trust Ltd (u)

ISLE OF MAN (FSA RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (REGULATED)(**)

JERSEY (FSA RECOGNISED)

IRELAND (REGULATED)(**)

LUXEMBOURG (FSA RECOGNISED)

هكذا من الاصل

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

- ● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

American Phoenix Investment Portfolios (u)
13 rue Goethe, L-1637 Luxembourg 00 352 404646211

BAII Asset Management Ltd
10 Piccadilly, London W1V 0EE 0171 734 3700

Bank Von Ernst & Cie AG
Marktgasse 63/65, 3001 Berne, Switzerland 0041 313201111

Banque Indosuez
39 Allee Scheffer, L-2520 Luxembourg 00352 47071

Barclays Diversified Portfolio (z)
58 avenue J.F. Kennedy, L-2951 352 4799 2939

Foreign & Colonial Emerging Markets Ltd (u)
Exchange Ho, Primrose St, Ldn, EC2A 2NY 0171-628 1234

F&C Emerging Markets

	Selling Price	Buying Price	+ or -	Yield Gr's
Argentinian Inv Co F	$23.97		-1.01	-
Brazilian Inv Co SICAV F	$41.71		-1.20	-
Latin Amer Inv Co SICAV F	$11.78		-0.35	-
Mexican Inv Co SICAV F	$30.94		-0.70	-

Foreign & Colonial Portfolios Fd Sicav(u)
47 Boulevard Royal, L-2449 Lux 01534 604541

	Selling Price	Buying Price	+ or -	Yield Gr's
Am Smlr Cos Eq F	$48.79		-0.60	-
Emerging Asian Eq F	$12.62		-0.50	-
Sterling Beta F	£10.87		+0.04	-
Sterling Distribution F	£3.88		+0.05	-

Frontrunner 1 (u)
672 Rue de Neudorf, Luxembourg 00 352 43887350

GT Global
(44) 171 710 4567 London (852) 2842 7220 Hong Kong

HSBC Investment Funds Luxembourg SA (u)
7 Rue du Marche - aux - Herbes L-1728 Luxembourg

HSBC Global Investment Funds

International and Regional Funds

Morgan Stanley Sicav - Contd.

ACM Offshore Funds - Contd.

Credit Suisse Asset Mgmt Funds - Contd.

Merrill Lynch Asset Management - Contd.

European Bond Portfolio (DM)

	Selling Price	Buying Price	+ or -	Yield Gross
Class A-1	DM18.18		-0.01	-
Class A-2	DM21.57		-0.01	-
Class B-1	DM18.18		-0.02	-
Class B-2	DM20.98		-0.01	-

Citimarkets SA

	Selling Price	Buying Price	+ or -	Yield Gross
Global Bond A	$148.87		-	-
Global Bond B	$152.09		-	-
Global Equity A	$164.36		-	-
Global Equity B	$170.57		-	-
Global Emerging Markets A	$137.95		-	-
Global Emerging Markets B	$150.64		-	-
Latin American Eq B	$120.49		-	-
European Equity A	$215.89		-	-
European Equity B	$224.31		-	-

Clark Capital Management Group Inc

	Selling Price	Buying Price	+ or -	Yield Gross
Navigator Intl	$11.72		-	-
Navigator Intl	DM11.43		-	-

Clemente Korea Emerging Growth Fund

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Jan 5	$2.87		+0.14	-

Cox & Kings Overseas Fund

	Selling Price	Buying Price	+ or -	Yield Gross
India Twenty-First Century	$9.27		+0.13	-

(Schroder Investment Management, London)

Credit Suisse Asset Mgmt Funds

Threadneedle-Threadneedle Global Assets (u)

VLS Finance Ltd India

	Selling Price	Buying Price	+ or -	Yield Gross
Ins. India Jan 2	$734.01		05	-

For van Kampen see Morgan Stanley Kempen

'WINTERTHUR' Fund Mngmt Co (Lux) SA

	Selling Price	Buying Price	+ or -	Yield Gross
WIN Global Intl Bond A	Ecu177.79		-	-
WIN Global Intl Bond T	Ecu276.37		-	-
WIN Global Intl Equity A	Ecu192.99		-	-
WIN Global Intl Equity T	Ecu300.75		-	-
WIN Global Diversified A	Ecu216.24		-	-
WIN Global Diversified T	Ecu230.74		-	-

WP Stewart Global Growth Fund

	Selling Price	Buying Price	+ or -	Yield Gross
Global Growth	$14.7712		+0.0424	-

World Trust Fund

	Selling Price	Buying Price	+ or -	Yield Gross
Shares NAV	$18.24		-	-

OFFSHORE INSURANCES

Aberdeen International Ltd
Harvest Hse PO Box 237 St Peter Port, Gsy 01481 727066

Exchange rate at Valuation Day US$1.6710

	Selling Price	Buying Price	+ or -	Yield Gross
Dollar Deposit $	$3.127	3.293	-	-
European Equity £	589.733	620.838	-	-
Global Managed $	$0.482	0.509	-	-
International Equity $	$20.389	21.464	-	-
[illegible]	$12.972	13.655	-	-
International Managed $	$13.575	14.219	-	-
N American Equity $	$5.108	5.378	-	-
Pacific Enterprise $	$1.068	1.125	-	-
Pacific Equity $	$3.582	3.772	-	-
Star 2 £	278.900	293.600	-	-
Star 3 £	219.100	230.700	-	-
Star 4 £	241.100	253.900	-	-
Sterling Deposit £	438.800	462.008	-	-
UK Fixed Interest £	768.100	808.608	-	-
UK Equity £	1024.800	1078.880	-	-
UK Managed £	629.400	662.600	-	-
World Growth $	$1.229	1.295	-	-

Albany International Assurance Ltd
St Mary's, Castletown, Isle of Man 01624 823262

	Selling Price	Buying Price	+ or -	Yield Gross
Global Sterling	£2.084		-0.024	-
UK Sterling	£2.074		-0.030	-
European Sterling	£3.138		-0.043	-
Japan Sterling	£0.538		+0.002	-
North American Sterling	£2.972		-0.029	-
Pacific Basin Sterling	£0.877		-0.025	-

Eurolife Assurance Group
Eurolife Hse, 16 St John St., EC1M 4AY 0171-454 1151

	Selling Price	Buying Price	+ or -	Yield Gross
Sterling Eurobond Fd	229.7		-	-
Intl Eurobond Fd	224.0		-	-
Discretionary Fund	170.9		-	-

Finexco International Ltd
PO Box 180, St Peter Port, Guernsey 01481 712100

	Selling Price	Buying Price	+ or -	Yield Gross
Intl $ Strategy Fd	$1.598	1.718	-	-
Intl £ Strategy Fd	£1.881	2.130	-	-
Intl DM Strategy	DM2.681	2.861	-	-
$ Defensive Strategy Fd	$2.685	2.867	-	-
$ Aggressive Strategy Fd	$2.018	2.167	-	-

Administered by Old Mutual International (Guernsey)

	Selling Price	Buying Price	+ or -	Yield Gross
Aggressive	$0.741	0.796	-	-
Defensive	$1.183	1.272	-	-
Deutschemark	DM1.350	1.451	-	-
Old/Finexco Strategy Sterling	£1.086	1.140	-	-

Administered by Old Mutual International (Ireland)

	Selling Price	Buying Price	+ or -	Yield Gross
Intl $ Strategy	$0.950	1.020	-	-
Intl £ Strategy	£0.979	1.052	-	-
Intl DM Strategy	DM1.148	1.234	-	-
$ Defensive Strategy	$0.972	1.045	-	-
$ Aggressive Strategy	$0.731	0.786	-	-

Administered by Old Mutual (Guernsey)

Friends Provident International
Albert House, Sth Esp'ade, St Peter Pt, Gsy 01481 700210

	Selling Price	Buying Price	+ or -	Yield Gross
Managed	134.0	142.5	[illegible]	-
UK Equity Growth	161.9	172.2	[illegible]	-
Stewardship Ethical	147.3	156.5	[illegible]	-
Global Equity	130.0	138.1	[illegible]	-
N. American Growth	171.6	182.6	[illegible]	-
Far East Growth	70.7	75.2	[illegible]	-
European Growth	200.0	212.8	[illegible]	-
Fixed Interest	116.7	124.1	[illegible]	-
Cash Deposit	109.5	116.5	[illegible]	-
Open Managed Portfolio	116.8	124.3	[illegible]	-
With Profits (Series 1)	103.9	110.6	[illegible]	-

Generali International Limited
PO Box 77, Les Echelons Ct. St Peter Port, Gsy 01481 714108

	Selling Price	Buying Price	+ or -	Yield Gross
US Dolly Global Managed	$2.44	2.04	-	-
Stg Global Managed	£2.36	2.55	-	-

Hansard Europe Limited
Frescati Rd, Blackrock Co. Dublin +353 1 278 1489

	Selling Price	Buying Price	+ or -	Yield Gross
UK £ Cautious	£1.324	1.431	-	-

Irish Life

Isle of Man Assurance Ltd

Labrow International

Midland Life International Ltd

Old Mutual Guernsey

Old Mutual Hong Kong

Old Mutual International (Guernsey) Ltd

Old Mutual International (Ireland) Ltd

Old Mutual International (Isle of Man) Ltd

Equitable Life (International)

PanEuroLife société anonyme

LUXEMBOURG (REGULATED)(**)

ACM Offshore Funds

Growth Funds

	Selling Price	Buying Price	+ or -	Yield Gross
Asian Technology A	$7	7.47	-0.21	-
Asian Technology B	$6.90		-0.20	-
Asian Technology H	$6.97	7.11	-0.21	-
Asian Technology I	$7.08	7.41	-0.21	-
India Liberalisation A Jan 8	$8.99		-	-
India Liberalisation B Jan 8	$8.73		-0.19	-
ACM Intl Healthcare A Jan 8	$99.09	106.65	-0.76	-
ACM Intl Healthcare B Jan 8	$95.02		-0.73	-
ACM Intl Healthcare AT Jan 8	$101.15	107.80	-0.78	-
ACM Intl Healthcare BT Jan 8	$96.12		-0.74	-
ACM Intl Technology A Jan 8	$70.53	75.23	-0.31	-

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● *FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.*

	Selling Price	Buying Price	+ or -	Yield Gross
Premier Life				
7 Rue Emile Bian, Luxembourg		Tlx 2809 Tel 4050751		
Davenport Chdwck £ Fd	£1.29	1.39	+0.03	-
Matheson £ Ports	£0.97	1.03	—	-
Matheson $ Ports	$0.960	1.020	—	-
Argent Bincd	£16.29	17.44	+0.38	-
Argent Equity Gth	£16.3	17.45	+0.18	-
OPS/James Capel Mgd Gr £	£2.57	2.58	—	-
OPS/James Capel Mgd Gr $	$2.24	2.25	—	-
OPS Aggressive $	$1.55	1.56	—	-
OPS Mngd Growth $	$1.83	1.84	—	-
OPS Dir Balanced Port	$1.58	1.59	—	-
CH 10	SFr1.77	1.91	—	-
LX 10	$2.02	2.17	—	-
Professional Investment Consultants				
Premier Lux $	$1.17	1.23	--	-
Premier Lux £	£0.80	0.85	--	-
PCI Worldwide Opps	£1.330	1.430	--	-
SPILA Flexible Growth	$1.0160	1.0930	-0.0070	-
Royal Life International				
Royal Court, Arbory Rd, Castletown IoM		01624 821212		
Pension Growth A	£1.763	1.890	—	-
Pens Growth (Bonus)	£3.541		(u)	-
Royal Life UK Mngd Fd	£2.475	2.582	-	-
Royal Life F&I Fd	£2.704	2.908	(u)	-
Royal Life UK Eqp Fd	£2.390	2.545	-	-
Royal Life Euro Fd	£2.587	2.750	-	-
Ryl Life Intr Gwth Fd	£1.505	1.619	-	-
YRA Growth Fd	£1.277	1.374	—	-
S.A.M. 1	$1.857	1.989	—	-
S.A.M. 2	$1.392	1.488	—	-
S.A.M. 3	£2.373	2.488	—	-
S.A.M. 4	£1.857	1.985	—	-
UK Eqty Range Equity Pens	£1.708	1.835	—	-
Sterling Money Market	£1.888	1.568	(u)	-
Dollar Money Market	$1.228	1.228	—	-
UK Index Tracker	£2.580	2.775	—	-
RLI Income Portfolio	£1.220	1.312	(u)	-
RLI Cautious Balanced Sech Portfolio	£1.315	1.414	(u)	-
RLI Prospect Mixed Equity Portfolio	£1.491	1.604	(u)	-
RLI Equity + Portfolio	£0.908	0.977	(u)	-
Elite Fd	$1.414	1.414	—	-
Veritas Performance Sterling	£9.220	9.915	—	-
Veritas Performance Dollar	$9.308	10.009	—	-
Veritas Managed Sterling	£10.019	10.774	—	-
Veritas Managed Dollar	$9.893	10.638	—	-
Royal Skandia Life Assurance Ltd (z)				
Skandia Hse, Finch Rd, Douglas, IoM		01624 611611		
£ Cautious Baring Mgd	£1.838	1.978	-0.001	-
£ Balanced Baring Mgd	£1.967	2.115	+0.007	-
£ Aggressive Baring Mgd	£1.871	2.011	+0.007	-
£ Cautious Gartmore Mgd	£1.582	1.701	+0.002	-
£ Balanced Gartmore	£1.832	1.969	+0.003	-
£ Balanced Fidelity	£2.124	2.283	+0.002	-
£ Bincd Managed	£1.586	1.705	+0.004	-
£ Balanced WHESCO	£2.265	2.435	+0.005	-
£ Aggressive Perpetual	£2.338	2.513	+0.004	-
£ Deposit	£1.818	1.954	—	-

	Selling Price	Buying Price	+ or -	Yield Gross
Asia Pacific Securities Corp Ltd				
Indian Smlr Cos Fd Ltd Dec 31	$7.03		—	
Asian Convertibles & Income Fd (Cayman)				
NAV Dec 29	$11.11		—	
Atlantico Investment Ltd				
Atlantico Libor Plus Jan 2	$107.81		—	
Atlantis Fund Management (Guernsey) Ltd				
Atlantis Jap Gwth Unit Jan 5	$4.05		—	
Atlantis Jap Gwth DB Jan 5	$5.04			
Atlantis Amer Fd Inc Jan 7	$34.57	36.69	+3.53	
Atlas Management Limited				
Managed	$9.68	10.16	-1.10	
Aurum Funds				
c/o MeesPierson Fund Administration				
Aurum Multi-Fund Ltd Nov 30	$114.51		—	
Aurum Gold Fund Ltd Nov 30	$44.00		—	
Aurum Investor Fund Ltd Nov 30	$125.71		—	
BAS–EX Currency Fund Plc				
NAV	L92461		+1107	
BAX–EX US$ Currency Fund Plc				
NAV	$100.00		--	
BEA Associates				
Argentina Ecty Income I Nov 28	$70.48		—	
Argentina Ecty Inc II Nov 28	$70.78		—	
Brazilian Eq Invs III Ltd	$31.93		—	
BHP				
FIT – Millburn 1	$1337.26		(z)	
Eclipse Strategic Opps	$1000.54		(z)	
Julius Baer Bank & Trust Co Ltd				
Liquibaer	$2593.08	2594.00	—	
Baer Global Bond	$12.85		(F)	
Bahia Fund				
Equity Shares	$18.05731285		--	
Equity BOV Shares	$14.06454498		--	
Debt Shares	$12.84270727		--	
Leveraged Fd Ltd Fd Inc Shs	$9.22778747		--	
Banca Reig. S.A. (Principality of Andorra)				
Reig Spanish Equity Jan 6	Pta1036.4846		—	
Banco do Brasil–BB Fund				
Class A–Brazilian Equities	$1425.086718		(z)	
Class D–Brazilian Fixed Inc	$1083.892867		(z)	
BB Fo Class E	$1330.782346		—	
Banc Internacional D'Andorra Banca Mora				
Andorfons	Pta2193.65		—	
Andfs Plus	Pta1291.95871		—	
Andfs Estats Units	$16.95		—	
Andfs Japo	¥882.70		—	
Andfs Anglaterra	£7.54		—	
Andfs Europa	DM15.15		—	

	Selling Price	Buying Price	+ or -	Yield Gross
SMI UK Equity	£0.983	1.056	+0.002	-
SMI Intl European	£0.982	1.056	-0.004	-
SMI North American	£0.971	1.043	-0.006	-
SMI Japan	£0.945	1.005	-0.004	-
SMI Asia	£0.799	0.850	-0.027	-
SMI Emerging Markets	£0.940	1.000	-0.017	-
SMI Global Bonds ($)	$0.955	1.018	+0.005	-
SMI Global Bonds (£)	£0.980	1.042	+0.004	-
Sun Life International (IOM) Ltd				
Bridge House, Castletown, Isle of Man				
Tel: 44 (0) 1624 825000		Fax: 44 (0) 1624 825919		
Prices Line: 44 (0) 1624 824740				
Aggressive Managed	£0.598		—	-
Balanced Managed	£1.406		--	-
Defensive Managed	£1.451		--	-
Sterling Income	£1.252		--	-
Sterling Guaranteed Money	£1.329		—	-
Offshore Deferred Distribution	£1.727		—	-

OTHER OFFSHORE FUNDS

	Selling Price	Buying Price	+ or -	Yield Gross
AXA Asset Management				
AXA Valeurs	FFr214.74		—	-
AXA Europe Actions Cap.	FFr433.85		—	-
AXA Europe Actions Dist	FFr427.80		—	-
AP Second Marche Croissance Cap	FFr150.41		—	-
AP Second Marche Croissance Dist	FFr149.35		—	-
AXA NPI Cap	FFr120.69		—	-
AXA NPI Dist.	FFr118.79		—	-
Aberdeen Asset Management Asia Limited				
Aberdeen India Fund Limited				
India Growth Portfolio	£10.03	10.35	—	-
Ability Fund Limited				
Fixed Income USD Class	$1045.17	1058.75	--	-
Fixed Income DM Class	DM1025.19	1037.58	--	-
USA Equity USD Class	$994.58	1004.77	--	-
Acciones y Valores de Mexico SA de CV				
Accival Jan 8	Pesos78.60		—	-
Adelphi Europe Fund				
Class A (est) Jan 8	$103.56		--	-
Class B (est) Jan 8	DM102.47		—	-
Africa Emerging Markets Fund				
NAV Nov 28	$15.04431		--	-
Alliance Capital				
ACM Research Class I (USD) Dec 31	$1277.35		—	-
ACM Credit Arbitrage (USD)	$1402.78		—	-
Romanian Investment Fd Ltd	$991.58		—	-
Allied Dunbar International Fund Mngrs (1600)F				
ADI Emerging Asia	$0.3682	0.39364	-0.0148	0
Almata Capital Management Ltd				
Almata Growth Fund and Unit Trust				
Class A	$97.25	100.29	--	-
Class B	$94.75	97.68	--	-
Alpha Fund Management Ltd				
Alpha Europe Nov 30	Ecu307.42		—	-
Alpha Futures Nov 30	$260.88		—	-
Alpha Global Nov 30	$1171.47		—	-
Alpha Atlas Nov 30	$117.22		—	-
Alpha Atlas Fd Ltd NYC Cl	$163.06		—	-
Alpha Atlas Tax Class Nov 30	$121.49		--	-
Alpha Emer Mkt Drts Nov 30	$216.55		—	-
Alpha Hedge Class A Nov 30	$282.89		—	-
Alpha Hedge Class B Nov 30	$182.74		--	-
Alpha Hedge Class C Nov 30	$165.99		—	-
Alpha Latin Am Nov 30	$295.10		--	-
Alpha Pacific Nov 30	$429.85		—	-
Alpha Short Nov 30	$48.53		--	-
Alpha Tiltdale Dec 31	$247.49		—	-
Bessemer European Fd Nov 30	Ecu254.70		--	-
Buchanan European Hedge Fd	$257.77		--	-

	Selling Price	Buying Price	+ or -	Yield Gross
GAM Europe	$12.65		-0.09	-
GAM Global A	$18.75		-0.10	-
GAM Global D	$14.55		-0.10	-
GAM International A	$28.97		-0.23	-
GAM International D	$28.85		-0.23	-
GAM Japan Capital	$9.63		-0.03	-
GAM North America	$17.22		-0.15	-
GAM Pacific Basin A	$8.81		-0.32	-
GAM Pacific Basin D	$8.75		-0.31	-
Global Altic Inc				
NAV Dec 9	$930.38		---	-
Global Convertible Megatrend				
NAV Nov 30	$122.68		—	-
Global Fund Management S.A.				
GFM Comms Bond Co Dec 29	$10.64		---	-

	Selling Price	Buying Price	+ or -	Yield Gross
Yen Bull Sub Fund	$9.39	9.50	—	-
Yen Bear Sub Fund	$14.39		+0.09	-
(USD Account)	$111.25	117.70	+0.02	5.39
Limited Issue Funds *				
JF Far Eastern Wrnts Tst	$4.61	4.88	-0.11	-
JF Japan Capital Guaranteed 12/97	$8.84		-0.04	-
JF Japan Capital Guaranteed 12/97	$8.96		-0.06	-
JF Japan Capital Guaranteed 12/97	$8.80		+0.02	-
JF Asia-Pacific Cap Gtd Tst	$9.02		-0.02	-
JF Asia-Pacific Cap Gtd Tst	$8.90		—	-
JF Japan Leveraged	¥771	816	+1	-
JF Japan Warrant Tst	$3.32	3.52	-0.02	-
JF Asia Lev Tst (Unauthorised)	¥8108	9836	+118	-
JF Taipei Tst (Unauthorised)	T$358.60	379.50	-9.60	-
JF Thailand Capital Guard	$9.11		-0.01	-

Only available during special offer periods *
Prices as of January 8

	Selling Price	Buying Price	+ or -	Yield Gross
The Global Managed Investec Bond Limited				
Global Growth	$1.156	1.213	—	0.00
Managed Fd USD Class	$1.156	1.213	—	0.00
Managed Fd DEM Class	DM1.175	1.234	—	0.00
Managed Fd GBP Class	£1.155	1.213	—	0.00
Global Portfolio (BVI) Management Ltd				
Hydra	$13556.90		—	-
Penta 1 Fd Ltd Sep 30	¥1132011		—	-
Penta Directional Currency	$9094		—	-
Penta Europe US$	$3717		—	-
Penta Europe DM	DM52.33481		—	-
Globalvest Management Co LP				
Latinvest Dec 1	$50.3		—	-
Brazvest Dec 1	$37.87		—	-

	Selling Price	Buying Price	+ or -	Yield Gross
Jupiter Asset Management (Asia) Ltd				
Hong Kong Investment Co Ltd	$0.73		-0.04	-
Philippine Investment Co Ltd	$0.46		-0.04	-
Jupiter Asset Mngt (Bermuda) Ltd				
Jupiter Hedge	£1.56	1.66	—	-
Jupiter Tyndall Specialist Fund Ltd				
Brazil Class	$1.31	1.38		-
Merit Scape Latin America Class	$1.30	1.38	-0.05	-
Mexico Class	$1.40	1.48	--	-
KD Offshore Fund, C.V.				
Kd Worldwide Dep - Gl	$54.8		—	-
Kenmar Management Limited				
Alternative Inv Strat	$25,000		—	-

	Selling Price	Buying Price	+ or -	Yield Gross
Wharton Capital Investment Management Ltd				
Wharton Asian Equity Linked Fd	$10.40		—	-
Worldwide Limited				
NAV Nov 30	$98.22		—	-
Xeryus Fund Management Ltd				
Xeryus Portfolio	$1800		—	-
Xiphias International Investment Fd Ltd				
Xiphias Global Growth	$12.34		—	-
Xiphias Intl ECU Acc	Ecu1.8536		—	-
Zanett Lombardier Ltd				
NAV Nov 28	$270.45		—	-
For Zobel Inv Mgmt AG see Fin Valor AG				
Zweig–DiMenna International Limited				
NAV Dec 31	$21662		—	-

● MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales.

FSA - Financial Services Authority

(**) Funds not FSA recognised. The regulatory authorities for these funds are:

Bermuda - Bermuda Monetary Authority
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland/Irish Department of Enterprise and Employment
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monétaire Luxembourgeois

Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
OEIC - Open Ended Investment Company.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:

(♥) 0001 to 1100 hours
(♠) 1101 to 1400 hours
(♦) 1401 to 1700 hours
(♣) 1701 to midnight
■ Exit charge on sale of units.
C Manager's periodic charge deducted from capital.
H Historic pricing F - Forward pricing
h Distribution free of UK taxes.
p Periodic premium insurance plans.
s Single premium insurance.
u Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
x Offered price includes all expenses except agent's commission.
z Previous day's price
■ Guernsey gross.
♦ Yield before Jersey tax.
† Ex-subdivision. xd - Ex-dividend.
‡ Only available to charitable bodies
◊ Yield column shows annualised rate of NAV increase.

The fund prices published in this edition are also available at the Financial Times' web site: http://www.FT.com

هذا من الأصل

LONDON STOCK EXCHANGE

Footsie slides 1.9% as Hong Kong fears intensify

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

The crisis that has afflicted Asian markets since October blew up again yesterday, causing severe weakness across global markets already under pressure from the latest sell-off on Wall Street.

The latter, which fell 99 points on Thursday, gave global markets another fright yesterday, sliding almost three figures shortly after the opening.

Some of the more pessimistic dealers took the view that a 5 per cent plus slide on the Dow was a possibility. "Whatever happens, next week will see London and New York under real pressure," said one.

US stocks suffered on concerns about the Asian crisis and in the face of yet another profits warning from a high-tech group.

The latest US non-farm payroll report showed 370,000 new jobs created during the month, compared with a consensus forecast of around 200,000. However, Treasury bonds rallied, given the doubts that the US Federal Reserve would raise rates in the face of the Asian crisis.

London could not resist those downside pressures and fell sharply, with the FTSE 100 index finishing 98.8 or 1.9 per cent lower at 5,138.3, wiping out the strong gains recorded earlier in the week. At one point, immediately following the payroll report, the FTSE 100 was down well in excess of three figures.

The weakness in UK stocks extended to the second-tier companies. The FTSE 250 index settled at the day's low, finishing 15.4 off at 4,864.6. Over the week, the index gained 56.3, with dealers reporting some significant switching out of the leaders.

The SmallCap index managed to end with a modest gain of 3.0 to 2,348.2, its ninth straight winning performance, for a rise of 1.2 per cent over the week.

London stocks faced a barrage of selling from the outset, reacting to Wall Street and a tide of big losses from Asian markets, principally Hong Kong, which fell around 3 per cent, Manila, down 8.3 per cent, and Singapore, which dipped 7.4 per cent.

But it was the news from Hong Kong, including prime rate increases, and news that Peregrine Brokerage, the biggest Hong Kong broker, had been suspended from trading, that really unnerved London shares.

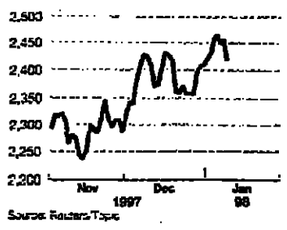
Predictably, the Hong Kong-sensitive stocks took the hardest pounding. Standard Chartered, HSBC and Cable & Wireless all sustained heavy losses.

The recently buoyant financial sector had to cope with a sudden shift in sentiment. "We've been waiting for months for a bid in the banks and it hasn't come yet; some of the speculators' nerves are beginning to crack," said one marketmaker.

He added that the post-Christmas euphoria, which saw Footsie climb over 250 points in six sessions, is beginning to evaporate.

There were chinks of light in an otherwise gloomy market. Housebuilding and property stocks continued to reflect relief that UK rates were left on hold on Thursday, while utilities continued to mirror the strength of gilts. Turnover at 6pm was 895m shares.

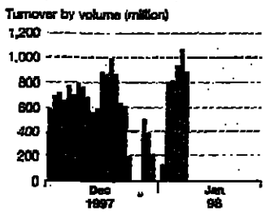
FTSE All-Share Index



Source: Reuters/Topic

Equity shares traded

Turnover by volume (million)



Indices and ratios

FTSE 250	4864.6	−15.4
FTSE 350	2478.2	−40.1
FTSE All-Share	2421.15	−36.39
FTSE All-Share yield	3.20	3.16
FT 30	3321.6	34.7
FTSE Non-Fins p/e	20.30	20.52
FTSE 100 Fut Mar	5163.0	−155.0
10 yr Gilt yield	6.08	6.12
Long gilt/equity yld ratio	1.91	1.95

FTSE 100 Index

Closing index Jan 9	5138.3
Change over week	−55.2
Jan 8	5237.1
Jan 7	5224.1
Jan 6	5264.4
Jan 5	5262.5
High*	5296.4
Low*	5125.4

*Intra-day high and low for week

TRADING VOLUME IN MAJOR STOCKS

	Vol. 000s	Closing price	Day's change
3i†	282	517½	−1½
AMVESCAP†	1,600	491	−29
ASDA Group†	15,800	181¼	−¾
Abbey National†	1,800	1090	−47
Airtours	323	1301	+6
Alliance & Leicester†	1,400	797	−25
Allied Domecq†	1,800	622	−6
Anglian Water	551	870	
Argos	2,400	554	−3½
Arjo Wiggins	408	161½	−6½
Assoc. Brit. Foods†	2,500	563½	+1½
Assoc. Brit. Ports	1,400	291½	−8
BAA†	1,600	478½	−13
BAT Inds.†	6,700	574	−13
BBA	2,200	406½	−12
BOC†	2,800	935	−35
BG†	9,400	303¾	−1¼
BP†	7,600	778	−12
BPB	2,300	338½	−4½
BSkyB†	2,800	444½	−4½
BT†	15,800	502½	−2
BTR†	11,900	180	−3
Bank of Scotland†	1,900	654	−18½
Barclays†	2,800	1650	−60
Bass†	1,000	923	−4
Billiton†	2,300	149	−2½
Blue Circle†	1,400	327½	−2½
Boots†	1,100	910	−5
Britannic	158	1135	+3½
Brit. Aerospace†	556	1787	−3
British Airways†	8,100	575	−10
British Biotech	6,500	132½	+13
British Borneo	806	399	−8½
British Energy†	4,000	418	−½
British Land†	1,200	672½	−9½
British Steel†	7,500	133¼	−1¾
Burmah Castrol	412	1032	−20
Burton	18,600	142	−¼
Cable & Wire†	10,900	494	−23
Cadbury Schweppes†	1,400	645	−5
Caradon	4,400	182½	−1
Carlton Comms.†	1,700	458	−12½
Centrica†	17,700	95½	+1¾
Comm. Union†	1,000	879	−29
Compass	873	774	
Cookson	1,500	201	−8
Courtaulds	1,000	277½	−7½
Daily Mail A	155	2025	+10
Danka	452	259	+11½
Diageo†	5,000	574½	−1½
Dixons†	3,200	580	−7
EMAP	257	953½	−4
EMI†	1,800	513	−1
Electrocomps	221	481½	+1
Energy Group†	428	679	−3
Enterprise Oil†	1,600	565	−2
Flextech	3	615	−3½
Foreign & Col. I.T.	408	175	−1½
Gallaher	6,000	370	+9½
Gen. Accident†	1,800	1145	−27
General Elect.†	41,200	394¾	+2¼
Glaxo Wellcome†	4,400	1519	−30
Granada†	2,800	949	−18
GUS†	1,300	783	−9
Greenalls	1,100	430	−3
GRE†	3,400	347	−15
GKN†	323	1294	−16
HSBC (75p shs)†	8,600	1379	−54
HSBC (HK$10)†	6,100	1310	−50
Halifax†	7,300	789	−13
Hammerson	79	485	+½
Hanson	3,500	278	−2
Hays†	783	821	−1
Hillsdown	1,800	151	−½
Hyder	200	898	−4
IMI	987	425	−7½
ICI†	1,700	962	−18
Imperial Tobacco	1,800	420½	+11½
Inchcape	1,500	153	−7
Johnson Matthey	444	550½	−2½
Kingfisher†	1,400	876	−1
Ladbroke†	3,300	279½	−2½
Land Securities†	811	997	+5
Laporte	175	687½	+6
Legal & General†	2,300	568½	−8½
Liberty Intl.	47	472½	
Lloyds TSB†	7,100	773	−16
LASMO†	2,900	254	−8
LucasVarity†	2,700	213	−2½
MEPC	1,100	535	−3
Marks & Spencer†	3,000	596½	−3½
Misys	100	1852½	−10
Morgan Crucible	333	463	−4½
Morrison (Wm.)	207	230	−1
NFC	2,100	141½	−2½
NatWest Bank†	3,500	1020	−51
National Grid†	8,400	315	−1
National Power†	2,100	644	−4
Next†	2,700	734½	+9½
Northern Foods	1,500	261½	−3½
Northern Rock	2,200	602	−9
Norwich Union†	4,100	400½	−4½
Nycomed Amer†	487	2145	−10
Nycomed Amer N/V†	8	1960	−140
Orange†	1,400	249½	−2
Pearson†	517	786	+7
P & O†	446	690	−10
Pilkington	2,900	127	+½
PowerGen†	2,200	813	−10
Premier Farnell	434	420½	−4
Provident Financial	1,200	786½	+1
Prudential†	4,100	778	−8
REXAM	1,100	277½	+2
RMC	338	851½	−5½
Railtrack†	1,000	923	−27
Rank Group†	801	344	−½
Reckitt & Colman†	317	923	−27
Redland	11	341½	−½
Reed Intl.†	1,100	610	−7
Rentokil Initial†	3,200	275	−5
Reuters†	1,500	660	−22
Rio Tinto†	2,000	712	−14
Rolls Royce†	2,200	232	−4
Royal & Sun Allnce†	2,100	623	−27
Royal Bk Scotland†	3,100	803	−14
Safeway†	7,000	342½	−10½
Sainsbury†	2,600	480	−17
Schroders†	106	1900	−71
Schroders N/V†	27	1685	
Scottish & New.†	899	742	+2
Scot. Hydro-Elect.	1,000	541	+8½
Scottish Power†	26,500	528½	−15½
Sears	1,800	54	−1½
Securicor	3,100	329½	−1½
Serco	147	1575	+22½
Severn Trent†	786	1010	−2
Shell Transport†	11,300	413¼	−7¾
Siebe†	1,100	1130	−41
Slough Ests	323	360½	+1
Smith (W.H.)	1,400	423	+7½
Smith & Nephew	1,900	175¼	−¾
SmKl Beecham†	5,400	646	−17½
Smiths Inds.†	436	830	−17
Southern Elect	1,700	535	−5
South West Water	406	932½	+10½
Stagecoach	1,300	866	+2
Standard Chard.†	9,900	547	−50
Storehouse	2,000	236	+½
Sun Life & Prov.†	392	473	−19
T & N	0	255	
TI Group	784	510	−9
Tarmac	577	111	−1
Tate & Lyle	305	516½	+1½
Tesco†	3,400	498¾	−16½
Thames Water†	2,700	891½	−8½
Tomkins†	1,900	310	−1
Unigate	88	587½	−1½
Unilever†	11,800	500	−11½
United Assurance	513	538½	−4
United Biscuits	748	224	−2½
Utd. News & Media†	389	716	−10
United Utilities†	718	827½	−7½
Vendome	4	479½	
Vodafone†	8,100	429	−16
WPP	1,800	259	−6½
Wessex Water	551	545½	+9
Whitbread†	1,600	893	−13
Williams†	1,500	344	+5½
Wolseley†	419	497¾	−18¼
Woolwich†	5,000	327½	−8½
Yorkshire Water	313	498½	+3½
Zeneca†	947	2185	−41

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 12.30pm. All trades are rounded. †Indicates a FTSE 100 Index constituent or reserve. Source: Extel, part of FT Information.

EQUITY FUTURES AND OPTIONS TRADING

After-hours trading saw the March FTSE 100 future drop to a bearish 5,135, a 3 point discount to the close in the cash market yesterday, *writes Martin Brice*.

Bearish sentiment in the face of the fall in Footsie led to defensive positions being set up via equity derivatives.

Total options volume of 45,000 was more than double Thursday's, and the 30,000 puts traded suggested investors were seeking downside protection. The busiest stock option was in HSBC, where 1,900 lots were traded. The biggest position was a bullish trade in the January £15 calls, where 921 lots were traded. A bearish trade involved 150 lots of the January £13.50 calls.

The FTSE 100 March future opened at 5,255, 27 points over cash with fair value estimated at 37 points over. Steady falls during the day saw March settle at 5,163, just 12 over cash.

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	5255.0	5163.0	-115.0	5269.0	5133.0	13059	60012
Jun		5223.0	-115.0			0	25

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4937.0	4952.0	-14.0	4937.0	4937.0	140	6457

■ FTSE 100 INDEX OPTION (LIFFE) (*5139) £10 per full index point

	4950		5000		5050		5100		5150		5200		5250		5300	
	C	P	C	P	C	P	C	P	C	P	C	P	C	P	C	P
Jan	215	22½	171½	28½	133	38	97	51	68	71½	43½	104	25	152	14	202
Feb	347½	121½	308½	134½	279½	151½	239½	171½	207½	192½	175½	213½	150½	241½	128½	272½
Mar	389	170½	356	189½	323½	209½	291½	229	258	249	227	269	200½	295	177	322
Apr	415½	182½	384	202	352½	221	321½	241	298½	261½	259½	282½	234	309½	211½	338½
Jun†			488½	259			433	307½			387½	347½			311½	399

Calls 4,410 Puts 1,555

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4975		5025		5075		5125		5175		5225		5275		5325	
Jan	192	34	150	41	116	58	84	76	58	100	37	129	22	163	11	202
Feb	314½	124½	278½	139½	245½	155½	214½	174½	188½	195½	160½	218½	134½	243½	114½	271½
Mar	357½	172½	326	190	294	207	266	228½	239½	251½	215	276	187½	298	163	322½
Jun			476½	285			414	319			354½	356½			298	397
Sept†			575	325			518	363			465	405			418	453

Calls 2,157 Puts 3,094 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months

Another blow for Booker

News that ratings agency Fitch IBCA has placed Booker on "rating watch" was another blow for the group which yesterday issued a profits warning.

The news reversed the strong advance seen in the stock earlier this week. Bid speculation was said to have been behind the advance of the stock as PDFM, one of the biggest investors in the group, raised its holding from 24.1 per cent to 24.9 per cent. Sentiment was further enhanced by an SBC Warburg recommendation.

Yesterday the shares tumbled 66½ or nearly 20 per cent to close at 272½p, by far the worst performer in the FTSE 250. Turnover was 1.4m.

The housebuilding sector was again in the spotlight as positive comments from analysts combined with diminishing fears of UK interest rate rises to push the sector onwards. The building and construction sector was one of the few to advance against the market's decline.

Foremost among those to benefit was George Wimpey, which shrugged off an announcement that Mercury Asset Management had *reduced its holding* by almost 1m shares, but retained a near 20 per cent stake. George Wimpey was one of the better performers in the FTSE 250 with its rise of 3½ to 107p.

NatWest Markets yesterday told clients: "We believe the housebuilders will enjoy a re-rating in the second half of 1998." It favoured Bovis, which was unchanged at 198½p.

The positive view of the sector was encouraged by news that the number of new homes started by builders rose by 8 per cent during September, October and November, compared with the previous three months.

Other stocks that benefited included Bryant Group, which rose 2½ to 118½p; Beazer Group, up 3 at 177p, and Berkeley Group, up 9½ at 623½p.

Steve Charnock at Charterhouse Tilney yesterday reiterated his positive stance on the sector. He said: "Current ratings suggest that profits are at the peak of the cycle but there is scope to see further profit growth by well-managed companies that have the potential to grow volume."

Alliance & Leicester fell 25 to 797p amid a weak bank sector as SBC Warburg Dillon Read cut the stock to "hold" from "buy" as part of a broad downgrade of the sector.

Banking shares were the weakest sector in the FTSE 100 index as profit-takers moved in following a fresh bout of Asia-related jitters. The sector's losses accounted for around half of the fall in the Footsie.

Standard stumbles

Standard Chartered fell 50 to 547p and **HSBC** 54 to £13.79. Other stocks with exposure to Asian markets included **Cable and Wireless**, down 23 to 494p, and **BOC**, down 35 to 935p.

However, the industrial gases group said suggestions that the far east market accounted for about 30 per cent of its sales were overdone. It said that if Australia were excluded, Asia-Pacific sales accounted for only 10 per cent.

Scottish Power was heavily traded as Dresdner Kleinwort Benson placed a block of 15m shares. The shares were bought at 534p and placed at 535p. The stock dipped 15½ to 528½p on final turnover of 26m.

The busiest share in the market was **GEC**, which gained 2¼ to 394¾p in 41m traded, one of the highest volumes ever seen in the stock. The company said it had bought back 18.5m shares at 395p each and 1m at 393p each yesterday. Of the planned £300m buy-back, it has now bought back about 24.5m shares at a total price of about £100m.

Several property stocks managed to resist the poor market trend. They included **Pillar Property Investments**, which rose 13 to 292p, and **Land Securities**, which appreciated 5 to 997p.

A note this week from broker Charterhouse Tilney on the sector says: "We expect 1998 to be the year in which the direct property market's performance finally provides firm evidence that the sector's strength of the past two years is justified."

Arriva, formerly Cowie Group, was one of the better performers in the FTSE 250 as it gained 24 to 372p. The shares stood at 348½p before the announcement on Wednesday of the acquisition of a 75 per cent stake in the largest privately owned public transport operator in the Netherlands.

Kalamazoo Computer Group shed 8 to 60½p after announcing weak interim results and passing its dividend.

A broker recommendation helped **Croda International**. Sutherlands reinforced its positive stance after hosting a presentation to institutions and the shares lifted 6½ to 405p.

Ellis & Everard, which is to announce interim figures on Monday, was another chemicals gainer with a rise of 6 to 312½p.

Sketchley, the dry cleaning and photographic services group, jumped 12 to 58p after receiving a bid approach. The takeover offer is thought to be from a venture capital company and is expected to be at 75p, a considerable premium to the underlying price.

Yorklyde, the fine cloth manufacturer, lost 40½ to 97p after a profits warning.

NEW 52 WEEK HIGHS AND LOWS

NEW HIGHS (195).

GILTS (31) BANKS, RETAIL (5) BLDG MATLS & MCHTS (4) CHEMICALS (1) Allied Colloids. **DISTRIBUTORS (2)** Kwik-Fit, Tinlest. **ELECTRICITY (2) ENGINEERING (3)** British Aerospace, Meggitt, Precoat Intl, **ENG. VEHICLES (1)** First Technology, **FOOD PRODUCERS (7) GAS DISTRIBUTION (1)** BG, **HEALTH CARE (4)** Bespak, Care UK, UniChem, Westminster Healthcare, **INSURANCE (4)** [illegible], Hiscox, Hiscox Select Insce Fund, Ltd. **INVESTMENT TRUSTS (55) INVESTMENT COMPANIES (3) LEISURE & HOTELS (1)** Northern Leisure, **LIFE ASSURANCE (3) MEDIA (5) OTHER FINANCIAL (2)** Investment Co, Man (ED & F), **PHARMACEUTICALS (1)** Galen Hldgs, **PROPERTY (7) RETAILERS, FOOD (3)** Budgens, Somerfield, Thorntons, **RETAILERS, GENERAL (6)** Alexon, Alders, Boots, Flying Flowers Units, Hughes (TJ), Topps Tiles, **SUPPORT SERVS (21) TELECOMMUNICATIONS (3)** British Telecom, COLT Telecom, Energis, **TOBACCO (2) TRANSPORT (1)** Stagecoach, **WATER (3)** Anglian, Bristol, Wessex, **AIM (9) AMERICANS (4) CANADIANS (1).**

NEW LOWS (80).

GILTS (2) ALCOHOLIC BEVERAGES (1) Burn Stewart Distillers, **BANKS, RETAIL (1)** Standard Chartered, **BLDG MATLS & MCHTS (3)** Anglian, Epwin, SIG, **DISTRIBUTORS (2)** Acal, Inchcape, **CONSTRUCTION (2)** Kanma, Maunders (J), **DIVERSIFIED INDLS (4) ELECTRNC & ELECT EQUP (2)** Oxford Instruments, Vislon, **ENGINEERING (1)** Radamec Metal, **EXTRACTIVE INDS (1) FOOD PRODUCERS (1)** Golden Hope Plantations, **HOUSEGOLD GOODS & TEXT (3)** Armour Trust, Shaw, Yorklyde, **INVESTMENT TRUSTS (37) INVESTMENT COMPANIES (2) LEISURE & HOTELS (1)** Crown Leisure, **MEDIA (2)** Bloomsbury Publg, GWR Group, **OIL EXPLORATION & PROD (3) PHARMACEUTICALS (1)** Xenova, **PROPERTY (1)** Hk Land, **RETAILERS, GENERAL (2)** Courts, John David Sports, **TRANSPORT (2)** Cathay Pacific Airlines, Sensaar, **AIM (3) CANADIANS (3).**

■ CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises

Arriva	372	+	24
Brit Biotech	132½	+	13
Carpetright	497½	+	11½
Colt Telecom	697½	+	24
Gallaher	370	+	9½
ISA	101	+	14½
Longbridge	147½	+	15
Pillar Prop	292	+	13
Rebus	91½	+	11½
Sage Group	872½	+	27½
UniChem	352½	+	*10*

Falls

AMVESCAP	491	−	29
Abbey Natl	1090	−	47
BOC	935	−	35
Booker	272½	−	66½
Cable & Wire	494	−	23
FKI	182	−	5
Inchcape	153	−	7
Reuters	660	−	22
Stand Chrtd	547	−	50
Vodafone	429	−	16

FTSE – LEADERS & LAGGARDS

Percentage changes since December 31 1997 based on Friday January 9 1998

Gas Distribution	+9.74	FTSE SmallCap	+1.51	Electronic & Elect Equip	+0.00
Tobacco	+5.29	FTSE Fledgling ex IT	+1.38	Media	-0.01
Utilities	+4.85	Retailers, General	+1.27	Food Producers	-0.07
Life Assurance	+4.70	Distributors	+1.15	Transport	-0.57
Pharmaceuticals	+4.64	FTSE Fledgling	+0.89	Breweries, Pubs & Rest	-0.59
Electricity	+3.77	Non-Financials	+0.83	Retailers, Food	-0.73
Insurance	+3.61	Construction	+0.81	Financials	-0.73
Support Services	+3.53	Services	+0.68	Paper, Pckg & Printing	-0.74
Water	+3.09	Telecommunications	+0.60	Household Goods & Texts	-0.77
Consumer Goods	+3.01	FTSE 350 Higher Yield	+0.58	Chemicals	-1.34
Diversified Industrials	+2.71	FTSE All-Share	+0.42	Health Care	-1.53
Property	+2.38	FTSE 350	+0.35	Banks, Retail	-2.78
Leisure & Hotels	+2.15	Engineering	+0.12	Oil, Integrated	-4.31
Alcoholic Beverages	+2.05	Gen Industrials	+0.11	RESOURCES	-4.39
FTSE SmallCap ex IT	+1.82	FTSE 350 Lower Yield	+0.11	Extractive Industries	-4.62
FTSE 250 ex IT	+1.79	Investment Trusts	+0.08	Oil Exploration & Prod	-4.81
FTSE 250	+1.61	Building Matls	+0.07		
Engineering, Vehicles	+1.52	FTSE 100	+0.05		

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Jan 9	Day's chge%	Jan 8	Jan 7	Year ago	Gross yld%	Net yld%	Net cover	P/E ratio	Xd adj. ytd	Total Return	1997/98 High		1997/98 Low		Since Compilation High		Since Compilation Low	
FTSE 100	5138.3	−1.9	5237.1	5224.1	4056.6	3.16	2.61	2.06	19.17	0.75	2218.70	5330.8	3/10/97	4056.6	10/1/97	5330.8	3/10/97	986.9	23/7/84
FTSE 250	4864.6	−0.3	4880.0	4869.1	4507.8	3.44	2.84	1.84	19.73	0.89	2060.22	4963.8	16/10/97	4386.2	10/7/97	4963.8	16/10/97	1379.4	21/1/86
FTSE 250 ex IT	4907.5	−0.3	4920.1	4908.1	4561.5	3.55	2.94	1.89	18.68	0.62	2085.53	4985.8	16/10/97	4380.7	10/7/97	4985.8	16/10/97	1378.3	21/1/86
FTSE 350	2478.2	−1.6	2518.3	2512.1	2021.3	3.21	2.65	2.02	19.27	0.38	2186.63	2555.3	3/10/97	2017.9	2/1/97	2555.3	3/10/97	664.5	14/1/86
FTSE 350 ex IT	2482.0	−1.6	2522.5	2516.2	−	3.23	2.67	2.03	19.06	0.36	1123.19	2557.8	3/10/97	2211.6	3/6/97	2557.8	3/10/97	2211.6	3/6/97
FTSE 350 Higher Yield	2479.1	−1.4	2515.5	2510.6	1943.2	4.13	3.44	1.89	16.01	0.25	1862.71	2531.3	6/1/98	1934.8	2/1/97	2531.3	6/1/98	100.0	14/12/94
FTSE 350 Lower Yield	2492.1	−1.7	2536.2	2528.6	2106.2	2.28	1.85	2.26	24.32	0.52	1792.25	2643.7	3/10/97	2106.2	10/1/97	2643.7	3/10/97	100.0	14/12/94
FTSE SmallCap	2348.18	+0.1	2345.17	2338.38	2234.64	3.07	2.47	1.58	25.77	0.58	2020.20	2406.20	17/10/97	2178.29	2/1/97	2406.20	17/10/97	1363.79	31/12/92
FTSE SmallCap ex IT	2353.36	+0.3	2345.85	2337.01	2250.91	3.25	2.62	1.65	23.32	0.44	2044.14	2402.72	22/10/97	2139.02	30/7/97	2402.72	22/10/97	1363.79	31/12/92
FTSE All-Share	2421.15	−1.5	2457.54	2451.46	1996.91	3.20	2.64	1.99	18.60	0.39	2168.24	2492.41	3/10/97	1989.78	2/1/97	2492.41	3/10/97	61.92	13/12/74
FTSE All-Share ex IT	2426.94	−1.5	2463.88	2457.54	−	3.23	2.67	2.01	19.26	0.35	1118.04	2495.84	3/10/97	2172.42	4/6/97	2495.84	3/10/97	2172.42	4/6/97

■ FTSE Actuaries Industry Sectors

	Jan 9	Day's chge%	Jan 8	Jan 7	Year ago	Gross yld%	Net yld%	Net cover	P/E ratio	Xd adj. ytd	Total Return	1997/98 High		1997/98 Low		Since Compilation High		Since Compilation Low	
10 RESOURCES(22)	4304.22	−1.6	4373.68	4359.51	3967.31	3.63	2.97	1.81	19.05	0.00	1948.58	5202.56	3/10/97	3891.26	3/1/97	5202.56	3/10/97	980.20	19/2/86
12 Extractive Industries(5)	2884.54	−1.8	2932.38	2996.17	3878.83	4.90	4.32	1.88	13.59	0.00	889.09	4609.25	16/6/97	2864.91	24/12/97	4768.29	7/5/96	1000.00	31/12/85
15 Oil, Integrated(4)	4737.85	−1.6	4815.54	4774.56	4097.90	3.67	2.96	1.77	19.23	0.00	2207.43	5617.46	7/10/97	4005.84	3/1/97	5617.46	7/10/97	982.30	20/2/86
16 Oil Exploration & Prod(13)	3425.91	−1.3	3470.96	3521.48	3398.37	1.64	1.36	2.32	32.75	0.00	2107.68	3985.34	17/10/97	3233.63	6/1/97	3985.34	17/10/97	650.30	28/7/86
20 GEN INDUSTRIALS(229)	2000.35	−0.9	2018.73	2017.15	1998.86	3.83	3.26	2.00	15.26	0.17	1159.23	2199.98	14/10/97	1834.58	10/7/97	2232.68	2/2/94	986.10	14/1/86
21 Construction(38)	1307.83	+0.1	1306.78	1298.14	1218.55	3.54	2.85	2.24	15.77	0.44	1153.00	1446.32	16/10/97	1194.01	2/1/97	2125.80	16/7/87	538.30	9/9/92
22 Building Matls & Merchs(27)	1736.03	−1.0	1753.09	1757.86	1787.73	4.39	3.61	1.93	14.74	0.16	930.49	1956.96	11/8/97	1697.25	19/12/97	2393.22	24/1/94	954.80	9/9/92
23 Chemicals(27)	2556.59	−1.5	2594.45	2597.24	2289.37	4.08	3.53	1.64	18.63	0.00	1289.90	2790.40	12/8/97	2223.68	28/4/97	2790.40	12/8/97	979.50	14/1/86
24 Diversified Industrials(11)	1285.09	−1.2	1300.74	1312.60	1471.98	4.49	4.00	2.15	12.95	0.00	777.84	1596.75	11/3/97	1222.10	16/12/97	2231.57	2/2/94	964.80	21/1/86
25 Electronic & Elect Equip(27)	2203.42	+0.3	2196.29	2204.99	2336.38	4.05	3.28	1.67	18.54	0.00	1202.96	2396.20	14/1/97	1982.80	9/7/97	2480.97	3/6/96	988.80	29/9/86
26 Engineering(63)	2773.53	−1.2	2808.63	2801.81	2604.14	3.46	3.05	2.65	13.64	0.38	1765.99	3068.49	14/10/97	2389.99	9/7/97	3068.49	14/10/97	962.80	10/11/87
27 Engineering, Vehicles(11)	3486.53	−1.0	3522.88	3483.59	3032.19	2.80	2.36	0.01	80.00†	0.00	1903.02	3772.15	16/10/97	2674.73	4/7/97	3772.15	16/10/97	995.60	14/1/86
28 Paper, Pckg & Printing(25)	2125.38	−0.6	2137.69	2133.05	2549.50	4.78	3.93	1.96	13.37	0.48	944.45	2597.20	12/3/97	1874.23	10/7/97	3142.82	11/7/95	973.30	14/1/86
30 CONSUMER GOODS(90)	5071.17	−1.5	5149.32	5104.78	3650.34	2.98	2.59	1.81	23.09	0.08	1980.58	5149.32	8/1/98	3650.34	10/1/97	5149.32	8/1/98	987.50	14/1/86
32 Alcoholic Beverages(6)	3323.67	−0.4	3337.74	3333.12	2800.97	3.49	3.46	2.21	16.17	0.00	1280.40	3610.61	17/10/97	2578.22	15/1/97	3610.61	17/10/97	967.60	14/1/86
33 Food Producers(24)	3358.57	−1.4	3406.79	3415.73	2646.37	3.21	2.85	1.93	20.19	0.00	1607.65	3415.73	7/1/98	2637.24	6/2/97	3415.73	7/1/98	946.10	14/1/86
34 Household Goods & Texts(24)	3072.22	−1.3	3112.84	3149.10	2629.06	4.08	3.49	1.92	15.93	0.73	1277.92	3314.00	13/10/97	2585.42	7/1/97	3314.00	13/10/97	927.10	21/1/86
36 Health Care(14)	2255.52	−0.6	2268.38	2279.55	2019.92	2.27	1.89	1.80	30.60	0.46	1427.68	2402.24	22/10/97	2019.92	10/1/97	2402.24	22/10/97	972.60	21/1/86
37 Pharmaceuticals(19)	8530.52	−2.0	8701.60	8552.96	5513.59	2.16	1.83	1.70	33.74	0.00	3021.61	8701.60	8/1/98	5513.59	10/1/97	8701.60	8/1/98	953.70	13/1/86
38 Tobacco(3)	4868.81	−1.2	4929.13	4885.82	3896.45	5.82	5.14	1.60	13.45	0.00	1328.86	5810.18	13/10/97	3896.45	10/1/97	5010.18	13/10/97	992.00	9/1/86
40 SERVICES(261)	2887.34	−1.0	2916.28	2912.21	2598.85	2.91	2.36	1.92	22.34	0.92	1573.42	2937.33	13/10/97	2656.24	30/6/97	2937.33	13/10/97	944.90	23/1/86
41 Distributors(28)	2548.42	−0.4	2559.18	2539.11	2958.22	3.67	2.99	2.04	16.75	0.00	988.26	2992.91	23/1/97	2487.98	24/12/97	3319.33	2/2/94	988.50	21/1/86
42 Leisure & Hotels(27)	3455.29	−1.0	3489.90	3495.67	3282.31	2.78	2.22	2.18	20.85	13.36	1936.63	3636.30	11/3/97	3114.88	10/7/97	3636.30	11/3/97	975.40	21/1/86
43 Media(42)	4156.08	−1.2	4205.69	4200.39	4219.02	2.45	2.03	1.92	26.61	0.00	1556.71	4456.06	16/10/97	3907.87	9/7/97	4824.35	21/10/96	976.20	9/1/86
44 Retailers, Food(14)	2719.38	−2.3	2784.47	2788.54	2132.30	3.13	2.50	2.30	17.41	0.00	1829.41	2788.54	7/1/98	1911.95	11/2/97	2788.54	7/1/98	917.40	21/1/86
45 Retailers, General(50)	2333.65	−0.5	2344.67	2332.81	1996.51	3.11	2.49	2.19	18.34	0.42	1405.69	2430.63	13/10/97	1891.63	30/6/97	2430.63	13/10/97	676.10	6/12/88
46 Telecommunications(10)	2744.84	−1.4	2783.61	2767.68	2094.95	3.21	2.59	1.48	26.30	0.00	1332.88	2811.64	5/1/98	2075.75	2/1/97	2811.64	5/1/98	802.50	3/10/86
47 Breweries, Pubs & Rest.(24)	3588.61	−0.4	3601.93	3604.35	3236.98	3.31	2.65	2.30	16.42	0.00	1813.20	3645.91	18/12/97	2973.92	28/10/97	3645.91	18/12/97	962.08	14/1/86
48 Support Services(61)	3612.25	+0.1	3608.20	3612.67	2798.88	1.60	1.31	2.31	33.93	0.00	2366.99	3612.67	7/1/98	2757.13	2/1/97	3612.67	7/1/98	939.00	1/2/91
49 Transport(25)	2938.54	−1.2	2975.74	2993.79	2695.38	3.48	2.83	1.29	27.88	0.65	1296.25	3144.28	13/10/97	2648.05	2/1/97	3144.28	13/10/97	960.00	14/1/86
60 UTILITIES(23)	3647.88	−0.1	3653.29	3592.97	2532.36	4.26	3.41	1.71	17.11	2.38	1718.55	3653.29	8/1/98	2515.43	2/1/97	3653.29	8/1/98	802.50	3/10/86
62 Electricity(9)	4058.80	−0.3	4069.65	4018.68	2798.70	4.60	3.68	2.12	12.84	0.00	2337.63	4069.65	8/1/98	2755.89	9/1/97	4069.65	8/1/98	995.30	7/1/81
64 Gas Distribution(2)	2678.56	+0.2	2673.85	2564.15	1468.11	2.43	1.94	‡	‡	0.00	1534.18	2678.56	9/1/98	1456.86	30/1/97	2678.56	9/1/98	994.80	9/12/86
68 Water(12)	3325.78	−0.2	3332.16	3318.89	2362.01	5.13	4.11	2.21	11.00	7.96	2018.63	3332.16	8/1/98	2329.87	2/1/97	3332.16	8/1/98	924.70	1/5/80
69 NON-FINANCIALS(645)	2438.02	−1.1	2465.56	2454.26	2063.57	3.28	2.73	1.88	20.30	0.46	1961.95	2504.34	16/10/97	2063.57	10/1/97	2504.34	16/10/97	63.49	13/12/74
70 FINANCIALS(109)	4793.21	−2.6	4928.55	4945.00	3556.21	3.08	2.49	2.43	16.71	0.06	2188.61	5043.29	1/10/97	3438.42	2/1/97	5043.29	1/10/97	972.20	23/1/86
71 Banks, Retail(12)	6959.50	−3.3	7194.58	7239.05	5118.13	3.01	2.41	2.53	16.39	0.00	2402.58	7873.71	1/10/97	4923.20	2/1/97	7873.71	1/10/97	950.60	23/1/86
73 Insurance(17)	2191.88	−3.0	2259.95	2252.74	1622.58	4.08	3.32	2.78	11.16	0.20	1780.45	2259.95	8/1/98	1601.73	24/3/97	2259.95	8/1/98	870.90	25/8/92
74 Life Assurance(6)	8210.70	−1.3	8292.10	8322.46	4159.64	2.94	2.42	2.26	18.79	0.00	2734.38	6402.64	6/1/98	4038.03	2/1/97	6402.64	6/1/98	887.70	23/1/86
77 Other Financial(26)	3792.93	−1.4	3848.72	3839.25	2918.77	2.74	2.23	2.25	20.32	0.28	2284.01	3860.45	6/1/98	2842.48	2/1/97	3860.45	6/1/98	856.30	1/10/90
79 Property(46)	2188.96	....	2189.90	2183.23	1622.89	2.95	2.42	1.44	29.48	0.00	1422.19	2257.91	9/10/97	1754.61	2/1/97	2257.91	9/10/97	718.40	16/9/92
80 INVESTMENT TRUSTS(119)	3420.55	−0.8	3449.82	3453.32	3131.76	2.26	1.81	1.17	47.39	2.13	1236.32	3642.06	7/10/97	3095.53	2/1/97	3642.06	7/10/97	977.20	14/1/86
89 FTSE All-Share(873)	2421.15	−1.5	2457.54	2451.46	1996.91	3.20	2.64	1.99	18.60	0.39	2168.24	2492.41	3/10/97	1989.78	2/1/97	2492.41	3/10/97	61.92	13/12/74
105 FTSE All-Share ex IT(754)	2426.94	−1.5	2463.88	2457.54	−	3.23	2.67	2.01	19.26	0.35	1118.04	2495.84	3/10/97	2172.42	4/6/97	2495.84	3/10/97	2172.42	4/6/97
Information Technology	1043.04	+0.8	1035.26	1025.56	−	0.74	0.59	2.62	64.91	0.00	1043.04	1043.04	9/1/98	1000.00	31/12/97	1043.04	9/1/98	1000.00	31/12/97
FTSE Fledgling	1273.92	....	1273.95	1271.81	1249.82	3.50	2.81	1.42	25.11	0.44	1396.20	1346.62	13/3/97	1223.48	2/1/97	1778.30	2/2/94	31.14	12/12/94
FTSE Fledgling ex IT	1301.71	+0.2	1299.13	1295.21	1272.57	3.89	3.13	1.47	21.94	0.52	1430.87	1368.01	13/3/97	1229.97	6/8/97	1778.38	2/2/94	28.13	12/12/94
FTSE AIM	989.4	−0.2	991.1	991.4	−	1.17	0.92	0.44	80.00†	0.06	910.81	1138.0	24/2/97	965.9	28/10/97	1138.0	24/2/97	965.7	11/3/97

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100		5222.4	5179.3	5152.5	5156.3	5140.8	5153.9	5150.4	5151.4	5231.0	5125.4
FTSE 250		4872.7	4870.0	4868.1	4865.7	4863.3	4862.2	4863.3	4865.0	4872.8	4861.3
FTSE 350		2511.8	2494.7	2484.1	2485.3	2479.1	2484.0	2482.8	2483.3	2515.1	2473.2
FTSE SmallCap	2345.38	2346.23	2346.61	2345.91	2346.05	2346.50	2346.49	2346.57	2347.68	2348.18	2345.29
FTSE All-Share		2451.72	2436.15	2426.37	2427.51	2421.81	2426.37	2425.22	2425.80	2454.62	2416.52

Time of FTSE 100 High: 8:33 AM Low: 4:07 PM

Time of FTSE All-Share High: 8:33 AM Low: 4:07 PM

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FTSE 100	31/12/83	1000.00	Electricity	31/12/90	1000.00	FTSE SmallCap & ex IT	31/12/92	1363.79	Oil Exp & Prod Total Retn	31/12/93	1047.33
FTSE 250 & ex IT	31/12/85	1412.60	Water	29/12/89	1000.00	FTSE Fledgling	30/12/94	1000.00	FTSE Fledgling Total Ret	30/12/94	1000.00
FTSE 350	31/12/85	682.94	Non-Financials	10/4/62	100.00	FTSE Fledgling ex IT	30/12/94	1000.00	FTSE Fledg ex IT Total Ret	30/12/94	1000.00
FTSE 350 ex IT	12/5/97	2247.50	FTSE All-Share	10/4/62	100.00	FTSE AIM	30/12/94	2000.00	FTSE AIM Total Return	12/5/97	1000.00
FTSE 350 Higher Yield	31/12/85	682.94	FTSE All-Share ex IT	12/5/97	2208.01	FTSE Total Return Indices	31/12/92	1000.00	FTSE 350 ex IT Total Return	12/5/97	1000.00
FTSE 350 Lower Yield	31/12/85	682.94	All Other	31/12/85	1000.00	FTSE Sectors' Total Ret	31/12/93	1000.00	FTSE All-Share ex IT Ttl Retn	12/5/97	1000.00

Further information is available on http://www.ftse.com

† Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative. The calculation basis for the total return series was changed from gross to net on 7/7/97. For Quarterly Review Changes see website www.ftse.com. Name Change: Ivory & Sime Enterprise Cap now Enterprise Capital Tst (FTSE Fledgling); Harrisons & Crosfield now Elements (23) & (FTSE 250); FirstBus now FirstGroup (49) & (FTSE SmallCap). Insert: Jacques Vert (FTSE Fledgling). Sector change: Electronic Boutique was (41) now (45). Deletion: Care First (96) & (FTSE SmallCap).

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
ASDA	180	6	14	18	3½	9	11½
(*182)	200	½	6½	9½	18	21½	23½
Abbey Natl	1050	69½	108	136½	16½	57	72
(*1097)	1100	28½	82	111	30	81	98
Alce & Leics	750	59	72½	90½	2	22½	31½
(*795½)	800	15	44½	63	17	44½	54½
Allied Domecq	500	28	48	61	3	18	25
(*524)	550	3½	23½	39½	27½	42½	50½
BAA	460	24½	45	56	3	16½	26½
(*480)	500	4	24½	35½	23	36	46
BAT Inds	550	29½	54½	68	5	34	43
(*572½)	600	6½	30½	45½	32	62	70½
Barclays	1600	75½	148½	200	21½	87½	114½
(*1653)	1700	24	100	158½	76½	139	164½
Bass	900	32	70	86	9	40	50½
(*921)	950	8	45	60	35½	64½	74½
Boots	900	27	74½	89½	12	38	52
(*914½)	950	7	50	64	40½	64½	77½
Brit Airways	550	30½	55	69½	4½	23	35½
(*572½)	600	6½	30½	45½	30½	47½	59½
BP	750	37	67½	89½	7½	31	45
(*779½)	800	10	43	64½	29½	55	69
British Steel	130	7	14	17½	2½	6	12
(*134½)	140	2	9	12½	7½	11	18
Cable & Wire	460	36½	58	70	3½	16	25½
(*493½)	500	11	36½	49½	16	34	44½
Comm Union	850	44	87½	102½	15½	63½	68
(*875)	900	19½	63	78	49½	98	93½
Glaxo	1500	55	118	164	37	90½	112
(*1522)	1600	16½	73½	118	88	146½	166½
HSBC 75p	1350	61½	145½	185	42½	138½	156½
(*1368)	1400	38½	120½	161½	68½	155½	182½
Halifax	750	29½	54	73½	4½	31	36½
(*773½)	800	4½	29½	49	30	58	63
ICI	950	38½	65½	92½	14½	52½	70
(*964½)	1000	9	43	68	43	79½	97
Land Secur	950	54	87½	104	4½	23	38½
(*997½)	1000	22	57½	75½	21½	43½	60½
Marks & S	550	48½	70½	82	1	12	21½
(*597)	600	12½	39	52½	13½	29½	42
Natl Power	600	45	73	85	2½	16½	33
(*641½)	650	12½	45½	57½	19½	39½	56½
NatWest	1000	47	89½	115½	19	70	88
(*1024½)	1050	24½	65½	91	44	96	105
Reuters	650	25	53	76½	7½	32½	45
(*665)	700	4½	30½	54	37½	60	68½
Royal/Sun Al	600	28½	56½	67½	8½	37½	46½
(*620)	650	8	33½	45	36	65	73½
Safeway	330	15	30½	38½	3½	13	19
(*342)	360	2½	17½	26½	19½	27	35
Sainsbury	460	27½	45	55	3	14	22½
(*484)	500	5	23	36	20	31½	42
Shell Trans	400	18	-	-	4½	-	-
(*413½)	417	8	-	-	11	-	-
SmKl Bchm	625	25½	57½	-	7½	32	-
(*647)	650	15½	45	71	18	44	58½
Std Chartd	500	[illegible]	72	80½	5	27	45
(*)	550	17	45	70	21	50½	71
Thames Wtr	850	49	79	98½	3	20	32
(*894)	900	14½	50	69	15½	40	53½
Vodafone	430	16½	40½	57	9	24	38½
(*429)	460	2½	23	38½	34½	46½	60½
Woolwich	300	28½	36	43½	-	6½	10
(*326½)	330	6½	17½	26	7	18½	22½
Zeneca	2100	105	186	246½	15½	81	117
(*2185½)	2200	49½	137½	198	53½	128	164½
Option		Feb	May	Aug	Feb	May	Aug
BTR	180	10½	17	23½	9½	17	21½
(*181½)	200	3½	9½	16	22	30½	34½
Blue Circle	300	35	39	47½	3½	11	16
(*329)	330	16	20	31½	14	24	30
Brit Aero	1700	128	198½	250	26½	67	93½
(*1798½)	1800	71	143	191	67	118½	143
Brit Telecom	465	45	-	-	5½	-	-
(*503½)	515	13½	-	-	22	-	-
Cadbury Sch	600	56	78	80½	4½	20	24½
(*646½)	650	22½	41	52½	22½	42	46½
Energy Grp	650	38	49½	63½	5½	7½	13½
(*681)	700	7	20½	16	24½	28½	34½

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Gallaher	360	22	31	38½	11½	22½	25½
(*370)	390	8½	17	25	28	39½	42
GEC	380	15½	30	38	13	25½	30½
(*393)	420	5	17½	25	32	38½	48
Option		Feb	May	−	Feb	May	−
Grand Met	550	36½	53	-	13	25	-
(*575)	600	11	30	-	41½	52½	-
Option		Feb	May	Aug	Feb	May	Aug
Diageo	550	36	52½	61½	13½	26	29½
(*575)	600	10½	28½	37½	42	53½	56
Hanson	260	23½	33½	37½	3½	11	13½
(*276½)	280	12	22½	27½	11½	20½	23
Impl Tobacco	390	38	51	56½	4½	9½	15
(*420½)	420	18½	34½	38½	14½	21	28
Kingfisher	850	56½	80½	98½	22	47½	54
(*875½)	900	31	56½	73	46½	73½	79½
Lasmo	240	20½	29½	35½	4½	10½	11
(*255)	260	9	18½	25½	12½	19½	20½
Ladbroke	280	13½	22½	30½	11	19½	25
(*280)	300	6	14	22	24	31½	36½
LucasVty	200	17	25½	29½	3	8	12
(*213)	220	6	15	19½	11½	17	21½
P & O	650	52½	65½	76	9	20	31
(*690½)	700	21½	36	49½	27½	43½	55
Prudential	750	48½	79½	98½	25½	50½	61
(*788½)	800	28½	55	72½	52½	77	87
RTZ	700	44½	63	80½	19	44½	53½
(*718)	750	21½	40½	58½	46	73½	81½
Redland	330	16	17	17	½	0½	½
(*344½)	360	½	0½	1	15½	15½	15½
Rolls-Royce	220	18	26½	34	5	11	18
(*232½)	240	7½	16	24	14	20½	25½
Tesco	480	46½	58	68½	4½	15	21½
(*499)	500	20½	34½	47½	17½	31	39
Utd Biscuits	220	10	16	21	5½	14	16½
(*224)	240	3	8	12½	18	26	28½
Option		Mar	Jun	Sep	Mar	Jun	Sep
BG	283	31½	40½	-	8½	14	-
(*305)	306	18½	28	-	16½	23½	-
BSkyB	420	43	58½	69	16½	26	30½
(*445)	460	22	38½	49½	35	45½	50
Brit Biotech	130	19½	26	38	13½	22	23½
(*132½)	140	15	21½	34½	19	27½	29
Centrica	90	10	14	16	4	6½	8
(*95½)	100	5	9½	11½	9	11½	13
Dixons	550	53	72½	82½	18	30	39½
(*580)	600	27	46½	57	43	53	63½
EMI	482	44	-	-	21½	-	-
(*514)	537	30½	-	-	35	-	-
Granada	900	73½	102½	119	18½	29	35½
(*949)	950	43	72½	91	36	49½	57
GUS	750	53	75	92½	32	43½	51½
(*766)	800	30½	51½	67½	59½	69½	77
LloydsTSB	750	68	88½	108	37	45	58½
(*781)	800	43	63½	83½	60½	70	83
Lonrho	80	10	15	17	5	7½	8½
(*85)	90	6	11	13	11	13½	14½
Norwich U.	380	29	38½	50	14½	22	27½
(*401)	420	15½	22½	36	30	38½	43½
Orange	240	22	30	37½	8	15	16½
(*250)	260	12	20½	27½	18	25	26
Railtrack	900	75½	112	136½	42	61½	69½
(*929)	950	51	88½	105½	65½	86	93½
Scot Power	500	30½	46½	77½	11½	21	28½
(*533½)	550	26½	42½	51½	32½	49½	53
Tarmac	110	7½	10	14	5	7½	8
(*111)	120	3½	8	10	11	13	13½
Tomkins	300	23½	33	38	7½	13½	17½
(*314½)	330	10½	18	23½	23	28½	33
Unilever	475	41	50½	-	11	21½	-
(*499)	500	26½	37	48	21½	33	39½

* Underlying security price. Premiums shown are based on settlement prices.

January 9 Total contracts, Equity and Index options: 43,913 Calls: 14,694 Puts: 29,219

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	Over 5 days Rises	Over 5 days Falls	Over 5 days Same
British Funds	68	8	2	280	103	7
Other Fixed Interest	0	0	9	0	0	45
Mineral Extraction	83	61	33	313	393	179
General Manufacturers	106	157	294	708	660	1,417
Consumer Goods	68	71	161	414	314	773
Services	155	129	297	831	583	1,487
Utilities	18	21	11	117	75	54
Financials	100	105	190	751	383	868
Investment Trusts	97	250	268	979	782	1,334
Others	51	63	246	308	316	1,193
Totals	747	866	1,511	4,701	3,589	7,355

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997/98 High	1997/98 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	-	95	93½	Abbey Nat Dublin ‖	93½		-	-	-	-
§250	F.P.	75.5	285	262	Autologic	285		R7.5	2.0	3.3	18.5
§140	F.P.	35.4	201½	148½	†ECO Techs	198½	-3	-	-	-	-
§65	F.P.	11.2	90	82½	†Bond Intl Sftw	82½		W-	-	-	22.9
-	F.P.	13.0	21½	16½	Boustead	19½		-	-	-	-
§-	F.P.	2.36	73	53	Comland Comm	59		-	-	-	15.1
-	F.P.	-	£185	£168	Fmg Grd Units	£183¾	+¼	-	-	-	-
§25	F.P.	1.42	35½	29½	†General Inds	35½		-	-	-	-
135	F.P.	5.20	144½	139½	†Longmead	144½		L5.01	2.9	4.3	9.9
§110	F.P.	125.2	124½	105½	Marchpole	107½	+1	R3.65	2.1	4.2	14.3
§	F.P.	8.14	57½	54½	†Market Link Publ	55		-	-	-	11.7
§128	F.P.	12.6	144½	137½	†Optoplast	144½		H3.07	3.4	2.7	11.3
-	F.P.	8.44	6¾	6	†Range Cooker Co	6¾	+¼	-	-	-	12.7
-	F.P.	20.6	98½	91½	†Rapid Technology	93½	-1	-	-	-	-
§102	F.P.	23.2	102½	102½	†Razorback Vhcls	102½		-	-	-	-
§105	F.P.	36.6	115	110½	SCS Upholstery	115	+½	L2.7	2.0	2.9	21.7
§	F.P.	170.0	106¾	96½	Second Scot Natl	108½	-¼	-	-	-	12.4
§	F.P.	101.1	101	99½	Do Zero Div Prf	100¾		-	-	-	-
*-	F.P.	3.31	113½	103½	Wyndham Mtr	103½	-6	u4.5	7.8	5.4	2.9

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1997/98 High	1997/98 Low	Stock	Closing price p	+or-
9	Nil	28/1	3pm	¼pm	Calluna	¼pm	

pm premium.

FT 30 INDEX

	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Yr ago	*High	*Low
FT 30	3321.6	3375.2	3359.9	3391.2	3373.9	2762.5	3430.3	2668.8
Ord. div. yield	3.38	3.32	3.34	3.31	3.33	4.18	4.22	3.29
P/E ratio net	21.44	21.83	21.71	21.93	21.75	17.03	22.33	15.8
P/E ratio nil	21.15	21.53	21.42	21.63	21.46	16.86	22.02	15.71

FT 30 since compilation: high 3430.3 15/10/97; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
3374.2	3364.3	3346.9	3334.2	3332.4	3324.4	3333.4	3328.3	3323.9	3374.2	3317.0

	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Yr ago
SEAQ bargains	64,157	64,719	61,134	62,267	58,927	42,799
Equity turnover (£m)†	−	NA	NA	1712.8	914.1	1024.5
Equity bargains†	−	NA	NA	49,764	43,921	21,001
Shares traded (ml)†	−	NA	NA	523.7	323.2	453.2

†Excluding intra-market and overseas turnover but including Crest turnover.

*For 1997/98.

TRADEPOINT INVESTMENT EXCHANGE

Daily turnover for 09/01/1998

Volume: 11,286,952 Value: £43,846,926

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES
CONSTRUCTION
BREWERIES, PUBS & REST
BANKS, RETAIL
BUILDING MATS. & MERCHANTS
CHEMICALS
ELECTRICITY
DIVERSIFIED INDUSTRIALS
DISTRIBUTORS
ENGINEERING
ELECTRONIC & ELECTRICAL EQPT
EXTRACTIVE INDUSTRIES
ENGINEERING, VEHICLES
HOUSEHOLD GOODS & TEXT
HEALTH CARE - Cont.

ALCOHOLIC BEVERAGES - Cont.
CONSTRUCTION - Cont.
ENGINEERING - Cont.
EXTRACTIVE INDUSTRIES - Cont.
HEALTH CARE
GAS DISTRIBUTION
FOOD PRODUCERS
INSURANCE
INVESTMENT TRUSTS
INV TRUSTS SPLIT CAPITAL
INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

	Notes	Price	+ or -	1997/98 high	low	Vds Gr's	NAV	Dis or Prem(-)
[illegible]								

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

	Notes	Price	+ or -	1997/98 high	low	Yld Gr's	NAV	Dis or Prem(-)
[illegible]								

Net asset values supplied by MidWest Securities Limited as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

	Notes	Price	+ or -	1997/98 high	low	Yld Gr's	NAV	Dis or Prem(-)
[illegible]								

LEISURE & HOTELS

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

LIFE ASSURANCE

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

MEDIA

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

MEDIA - Cont.

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

OIL EXPLORATION & PRODUCTION

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

OIL, INTEGRATED

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

OTHER FINANCIAL

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

PAPER, PACKAGING & PRINTING

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

PHARMACEUTICALS

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

PROPERTY

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

PROPERTY - Cont.

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

RETAILERS, FOOD

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

RETAILERS, GENERAL

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

RETAILERS, GENERAL - Cont.

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

SUPPORT SERVICES

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

SUPPORT SERVICES - Cont.

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

TELECOMMUNICATIONS

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

TOBACCO

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

TRANSPORT

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

TRANSPORT - Cont.

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

WATER

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

AIM

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

AIM - Cont.

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

The Alternative Investment Market, designed primarily for small companies, is regulated by the London Stock Exchange but has less demanding rules than the SE Official List.

AMERICANS

	Notes	Price £	+ or -	1997/98 high	low	Volume '000s	Yld Gr's
[illegible]							

CANADIANS

	Notes	Price £	+ or -	1997/98 high	low	Volume '000s	Yld Gr's
[illegible]							

SOUTH AFRICANS

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

TRADED INDEX SECURITIES

	Notes	Price	+ or -	1997/98 high	low	Volume '000s	Yld Gr's	P/E
FTSE 100 TRAKS		552400bid		552400	£47100			

GUIDE TO LONDON SHARE SERVICE

Prices and trading volumes for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. For FTSE 100 index constituents and reserves, marked † in the Trading Volume table on the LSE page, last trade prices at or prior to 4.30pm market close are shown, as these shares are now traded on the Stock Exchange Electronic Trading System ("SETS"). Highs and lows are based on intra-day mid-prices and/or last trades.

Trading Volumes are end of day accumulated totals. Dashes indicate that either no trade has taken place during the day or the data is not available for those particular securities. Volumes shown for foreign securities are based on London trading.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Earnings used in calculations are based on MMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Prm +) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ◊ Figures or report awaited
- ♥ Rule 2.11(a)(v) Overseas incorporated companies listed on an approved exchange
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- ♦ Price at time of suspension
- ♥ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates
c Assumed dividend yield after rights issue.
d Assumed dividend yield after scrip issue.
e Rights issue pending
f Earnings based on preliminary figures.
g Dividend yield excludes a special payment.
h Indicated dividend yield, p/e ratio based on latest annual earnings.
a Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1996-97
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1997-98
N Dividend is paid in whole or part as a PID (Foreign Income Dividend)
Q Forecast annualised yield, p/e based on prospectus or other official estimates
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex capital distribution.

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Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Jan 9 / US$)
(4 pm close)

CANADA (Jan 9 / Can. $)
(4 pm close)

EUROPE

AUSTRIA (Jan 9 / Sch)

BELGIUM/LUXEMBOURG (Jan 9 / Frs.)

DENMARK (Jan 9 / Kr)

FINLAND (Jan 9 / Mka)

FRANCE (Jan 9 / Frs.)

GERMANY (Jan 9 / Dm.)

ITALY (Jan 9 / Lire)

NETHERLANDS (Jan 9 / Fls.)

NORWAY (Jan 9 / Kroner)

SPAIN (Jan 9 / Pts.)

SWEDEN (Jan 9 / Kronor)

SWITZERLAND (Jan 9 / Frs.)

AFRICA

SOUTH AFRICA (Jan 9 / Rand)

PACIFIC

JAPAN (Jan 9 / Yen)

AUSTRALIA (Jan 9 / Aus$)

HONG KONG (Jan 9 / H.K.$)

MALAYSIA (Jan 9 / MYR)

		+/-	High	Low	Yld	P/E
Boustd	2.76	-.03	7.10	2.70	4.1	5.8
Genting	9	-.20	18	7.70	2.3	11.1
HLCred	3.40	-.04	13.92	2.74	5.3	—
MalBnk	8.60	-.40	30	8.36	2.6	7.4
MalUlo	0.48	-.05	2.32	0.40	12.2	9.4
MluPurp	0.84	-.05	6.25	0.80	1.2	3.3
PetGas	7.90xd	+.25	10.40	6.85	1.9	12.8
PubBnk	0.99xd	—	3.18	0.96	5.9	5.8
ShellR	4.50	-.65	8.35	4.50	8.2	12.1
SimeD	3.50xd	-.08	10.40	3.30	6.0	8.7
Telekom	9.10	-.85	15.28	8.85	1.3	14.5
Tenaga	5.85xd	-.05	13.10	5.60	2.1	—

SINGAPORE (Jan 9 / S$)

		+/-	High	Low	Yld	P/E
DBS F	10.60	-1.30	20.80	9.95	1.9	—
DFarmt†	0.95	—	1.11	0.87	8.3	—
Fr&Nv	6.35	-.85	14.50	6.25	3.6	12.6
HKLadt†	1.28	-.06	3.58	1.20	7.3	—
HawPar	1.57	-.16	3.38	1.53	7.0	8.7
InchMr	1.18xc	-.40	5.50	1.18	10.9	2.9
JMatn†	4.26	-.46	8.35	4	—	—
JStrat†	2.51	—	4.44	2.30	5.8	—
Keppel	3.14	-.28	8.52	2.98	3.3	10.2
MandOt†	0.71	-.01	1.54	0.49	8.3	—
OCBC F	6.50	-1	16.68	6.50	2.5	8.0
OUB F	4.72	-.58	11.31	4.48	2.6	10.9
S AirF	10.30	—	13.90	9.20	2.2	12.8
SPressF	19.50	-.20	30.80	17.20	2.1	18.6
S'pre T	3.02	-.06	3.44	1.99	1.5	20.5
SingR	1.35	-.28	3.66	1.30	9.6	11.3
TatLee	1.70	-.09	3.90	1.48	4.7	8.9
UOB F	6.45	-.75	17.40	6.10	2.8	8.1

EASDAQ - see Managed Funds pages

Prices supplied by Extel, part of FT Information

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. ¨ Calendar year high and low. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Prices in US $.

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INDICES

	Jan 9	Jan 8	Jan 7	1997/98 High		Low	
Argentina							
General(29/12/77)	(u) 21033.98	21811.31	25771.70	22/10/97		18237.40	2/1/97
Australia							
All Ordinaries(1/1/80)	2603.1	2650.7	2646.9	2779.20	25/9/97	2299.20	28/10/97
All Mining(1/1/80)	576.4	590.1	584.1	987.10	24/2/97	541.10	27/11/97
Austria							
Credit Aktien(30/12/84)	454.06	459.11	457.06	474.42	2/10/97	374.40	9/1/97
Traded Index(2/1/91)	1299.21	1315.59	1324.48	1480.49	31/7/97	1130.22	9/1/97
Belgium							
BEL20(1/1/91)	2443.56	2474.75	2515.55	2621.90	28/7/97	1871.05	2/1/97
Brazil							
Bovespa(29/12/83)	(u)	9658.0	9879.0	13617.00	8/7/97	6955.50	2/1/97
Canada							
Metals Mins♦-1975	(u)	3573.63	3731.25	5891.75	10/3/97	3573.63	8/1/98
Composite♦-1975	(u)	6490.70	6590.60	7209.90	7/10/97	5679.30	14/4/97
Portfolio§§	(u)	3327.36	3383.57	3547.69	7/10/97	2846.02	11/4/97
Chile							
IGPA Gen¶(31/12/80)	(u)	4621.87	4712.60	5868.71	4/7/97	4621.87	8/1/98
Denmark							
CopenhagenSE(3/1/83)	693.15	699.72	700.19	708.09	6/1/98	470.14	2/1/97
Finland							
HEX General(28/12/90)	3348.33	3426.17	3463.25	3890.81	22/10/97	2483.28	2/1/97
France							
SBF 250(31/12/90)	1912.85	1932.36	1957.01	2003.43	31/7/97	1533.19	2/1/97
CAC 40(31/12/87)	2919.81	2954.94	3006.73	3094.01	3/10/97	2258.97	2/1/97
Germany							
FAZ Aktien(31/12/58)	1384.82	1416.33	1422.48	1481.44	31/7/97	988.21	2/1/97
Commerzbank(1/12/53)	4067.10	4154.50	4174.90	4336.70	31/7/97	2875.80	2/1/97
DAX‡(30/12/87)	4236.94	4347.23	4391.54	4438.93	31/7/97	2848.77	2/1/97
Greece							
Athens SE(31/12/80)	1480.63	1487.08	1523.47	1794.14	8/10/97	954.54	2/1/97
FTSE/ASE 20 (24/9/97)	834.61	841.46	864.31	898.86	10/12/97	768.08	17/11/97
Hong Kong							
Hang Seng(31/7/64)	8894.64	9254.53	9538.61	16673.30	7/8/97	8894.64	9/1/98
India							
BSE Sens.-1979	3530.20	3598.16	3683.31	4548.02	5/8/97	3225.24	2/1/97
Indonesia							
Jakarta Comp.(10/8/82)	342.97	347.11	394.24	740.83	8/7/97	339.53	15/12/97
Ireland							
ISEQ Overall(4/1/88)	4220.84	4276.33	4303.84	4303.84	7/1/98	2725.07	2/1/97
Italy							
Banca Com Ital-1972	1101.41	1112.86	1125.99	1125.99	7/1/98	660.42	2/1/97
MIB General(2/1/98)	1046.0	1057.0	1069.0	1069.00	7/1/98	1000.00	2/1/98
Japan							
Nikkei 225(16/5/49)	14995.10	15019.18	15028.17	20681.10	16/6/97	14775.20	29/12/97
Nikkei 300(1/10/82)	230.71	233.74	234.33	303.71	28/7/97	227.05	22/12/97
Japan							
Topix(4/1/68)	1149.19	1163.20	1163.79	1560.28	26/6/97	1130.00	22/12/97
2nd Section(4/1/68)	1193.31	1198.24	1201.47	1848.25	30/6/97	1160.55	24/12/97
Malaysia							
KLSE Comp.(4/4/86)	491.60	507.16	521.00	1271.57	25/2/97	491.60	9/1/98
Mexico							
IPC(Nov 1978)	(u)	4837.18	4942.91	5368.48	21/10/97	3359.46	2/1/97
Netherlands							
CBS TRtnGen(End 83)	1070.2	1084.2	1091.4	1184.60	7/8/97	730.80	2/1/97
CBS All Shr(End 83)	613.5	621.5	625.7	684.40	7/8/97	429.00	2/1/97
New Zealand							
Cap. 40(1/7/86)	2269.28	2307.91	2329.31	2635.48	22/10/97	2162.01	28/10/97
Norway							
Oslo SE Ind(2/1/83)	1996.82	2054.75	2079.04	2287.56	22/10/97	1639.03	2/1/97
Philippines							
Manila Comp33	1518.00	1655.85	1747.34	3447.60	3/2/97	1518.00	9/1/98
Portugal							
BVL 30(4/1/93)	3958.76	3978.58	3980.45	3982.42	6/1/98	2165.67	2/1/97
Singapore							
SES All-S'pore(2/4/75)	351.01	370.16	390.34	573.03	17/2/97	351.01	9/1/98
South Africa							
JSE Gold(28/9/78)	726.3¶	744.0	730.8	1588.10	27/2/97	670.10	5/12/97
JSE Indl.(28/9/78)	7183.8¶	7263.6	7269.1	9314.20	7/8/97	7137.90	11/12/97
South Korea							
KoreaCmpEx**(4/1/80)	414.00	423.96	409.42	792.29	17/6/97	350.68	12/12/97
Spain							
Madrid SE(30/12/85)	650.83	651.72	666.59	660.07	5/1/98	434.54	2/1/97
Sweden							
AffarsvarldnGen(1/2/37)	2974.8	3029.6	3042.1	3315.80	7/8/97	2378.50	2/1/97
Switzerland							
SMI Index(1/7/88)	6251.8	6330.2	6390.0	6397.00	5/1/98	3922.80	7/1/97
SPI General(1/6/87)	3893.94	3934.81	3972.97	3972.97	7/1/98	2506.22	6/1/97
Taiwan							
WeightedPr**(30/6/66)	7737.20	7778.16	7835.56	10116.80	26/8/97	6844.75	6/1/97
Thailand							
Bangkok SET(30/4/75)	349.67	360.17	370.31	858.97	22/1/97	284.20	24/12/97
Turkey							
IMKB Nat 100-1986	3587.11	3590.11	3662.60	3711.40	5/1/98	995.00	2/1/97
WORLD							
MS Capital Intl$(1/1/70)	913.6*	923.2	930.2	981.80	31/7/97	794.50	14/4/97
CROSS-BORDER							
Eurotrack 100(26/10/90)	2759.51	2785.66	2791.45	2794.80	7/8/97	1803.80	2/1/97
FTSE E100(26/6/90)	2287.28	2325.09	2344.77	2377.06	5/1/98	1582.99	2/1/97
HSBC JC Drgn(31/12/93)	(u)	211.42	221.58	434.83	6/8/97	221.58	7/1/98
ING Brngs Emrg(7/1/92)	132.53	135.22	138.91	196.81	9/7/97	132.53	9/1/98

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol	Open int.
■ CAC-40 (MATIF/MONEP) (200 x Index)							
Jan	2950.0	2923.0	-35.0	2956.0	2908.0	555	42,320
Feb	2958.0	2931.0	-35.0	2958.0	2932.0	31	2,487
■ DAX							
Mar	4299.0	4269.0	-47.5	4334.0	4255.0	26,512	63,918
Jun	4330.0	4297.5	-36.0	4337.0	4310.0	397	7,899
■ OMX							
Jan	2420.00	2389.75	-48.75	2425.00	2386.25	11,799	24,051
Feb	2419.00	2405.00	-44.00	2425.00	2405.00	829	865
■ SOFFEX							
Jan	6349.0	6252.0	-82.0	6350.0	6237.0	8,427	18,507
Mar	-	6270.0	-	-	-	200	202

** Sat Jan 3 . Taiwan Weighted Price 8159.11. Korea Comp Ex 385.49. Base values of all indices are 100 except: Australia All Ord and Mining - 500. Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, SPI, Euro Top-100, ISEQ Overall; Toronto Comp./Met & Mins, DAX - all 1,000; SMI - 1500. JSE Gold - 255.7; JSE 25 Ind - 264.3, IMKB Nat 100 - 1, NYSE All Common - 50, Stand & Poor's - 10 and Amex Comp - 550. §§ Montreal ♦ Toronto. (c) Closed. (u) Unavailable. ‡ XETRA-DAX after-hours index: Jan 9 - 4237.75 -55.89.

US INDICES

Dow Jones	Jan 8	Jan 7	Jan 6	1997/98 High	1997/98 Low	Since compilation High	Since compilation Low
Industrials	7802.62	7902.27	7906.25	8259.31 (6/8/97)	6391.69 (11/4/97)	8259.31 (6/8/97)	41.22 (8/7/32)
Home Bonds	105.27	105.33	105.25	105.36 (5/1/98)	101.09 (14/4/97)	105.36 (5/1/98)	54.99 (1/10/81)
Transport	3290.64	3331.47	3278.00	3359.27 (15/10/97)	2222.07 (2/1/97)	3359.27 (15/10/97)	13.23 (8/7/32)
Utilities	265.10	262.92	265.59	272.01 (30/12/97)	209.47 (25/4/97)	272.01 (30/12/97)	10.53 (8/7/32)

DJ Ind. Day's high 7935.40 (7943.87) Low 7733.12 (7751.56) (Theoretical♦)
Day's high 7902.02 (7905.76) Low 7796.15 (7778.97) (Actual♦)

	Jan 8	Jan 7	Jan 6	1997/98 High	1997/98 Low	Since compilation High	Since compilation Low
Standard and Poors							
Composite‡	956.04	964.00	966.58	983.79 (5/12/97)	737.01 (2/1/97)	983.79 (5/12/97)	4.40 (1/6/32)
Industrials¶	1110.82	1118.58	1119.32	1148.82 (7/10/97)	855.42 (11/4/97)	1148.82 (12/12/97)	3.52 (30/6/32)
Financial¶	114.25	116.16	117.62	120.83 (8/12/97)	80.75 (2/1/97)	120.83 (8/12/97)	7.13 (4/9/74)
Others							
NYSE Comp.	501.54	506.18	507.33	514.31 (5/12/97)	389.47 (11/4/97)	514.31 (5/12/97)	4.64 (25/4/42)
Amex Comp	667.58	674.29	675.03	721.90 (7/10/97)	541.20 (28/4/97)	721.90 (7/10/97)	524.20 (16/7/98)
NASDAQ Cmp	1555.54	1561.70	1580.14	1745.85 (9/10/97)	1201.00 (2/4/97)	1745.85 (9/10/97)	54.87 (3/10/74)
Russell 2000	425.71	429.79	433.10	465.21 (13/10/97)	335.85 (25/4/97)	465.21 (13/10/97)	123.36 (7/12/93)

■ RATIOS

	Jan 2	Dec 26	Dec 19	Year ago
Dow Jones Ind. Div. Yield	1.72	1.79	1.76	2.03
	Jan 7	Dec 31	Dec 24	Year ago
S & P Ind. Div. yield	1.49	1.49	1.55	1.85
S & P Ind. P/E ratio	25.98	26.04	25.05	23.00

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Medprtnrs	13,076,000	9¾	-8½
AT & T	10,977,600	62⅝	+2⅞
Micron Tec	7,474,100	28⅝	+2
PT Tele	7,119,100	5⅞	-2½
Chrysler	6,980,900	32⅛	-2⅛
Compaq	6,571,500	59⅛	+⅛
Boeing	5,189,200	46⅝	-1⅜
Texas Ins	4,899,700	44⅜	-1⅛
Pb Morris	4,755,900	46⅜	-⅜
Tel Brasil	4,043,200	105	-6⅜

■ TRADING ACTIVITY

● Volume (million)

	Jan 8	Jan 7	Jan 6
New York SE	655.671	660.828	622.728
Amex	21.863	28.993	28.419
NASDAQ	651.147	696.826	641.526
NYSE			
Issues Traded	3,451	3,458	3,457
Rises	1,087	1,209	1,011
Falls	1,890	1,794	1,976
Unchanged	474	455	470
New Highs	117	94	136
New Lows	93	62	46

	Open	Latest	Change	High	Low	Est. vol.	Open int.
■ S&P 500							
Mar	961.00	961.90	+0.70	970.50	960.00	117,008	372,252
Jun	971.00	972.30	+1.30	980.00	970.00	496	9,862
	Open	**Sett price**	**Change**	**High**	**Low**	**Est. vol.**	**Open int.**
■ Nikkei 225							
Mar	14760.0	15080.0	+80.0	15120.0	14730.0	24,437	168,922
Jun	14840.0	15000.0	-130.0	15020.0	14840.0	29	31,449

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

WORLD STOCK MARKETS

Tech sector selling sends Dow tumbling

AMERICAS

A wave of selling in the technology sector led US equities steeply lower to push the Dow Jones Industrial Average below the 7,700 level, *writes John Labate in New York.*

Computer stocks were especially weak after Adaptec, a leading computer parts producer, became the latest company in the sector to issue a profits warning. Its stock plunged more than 41 per cent or 14\frac{13}{16}$ to $21¼, after several brokers cut the stock's rating.

By 12.30 the blue-chip rich Dow had plunged 139.50 or 1.8 per cent to 7,663.12, extending its losses on the week to almost 4 per cent. The Standard & Poor's 500 index also fell back, slipping 16.13 at 939.91.

The Nasdaq composite index, which is weighted in technology shares, lost 36.56 or 2.6 per cent at 1,518.98.

Plunging overseas stock markets helped set the morning tone on Wall Street, as bad news continued to flow from Asia, adding to US worries.

"There is no sign that the tide has been arrested, and you still have the question of how governments and the public will react in Asia," said Eric Miller, chief investment officer at Donaldson, Lufkin & Jenrette in San Francisco.

Leading the Dow lower was International Paper, which fell 5.7 per cent at 42$\frac{1}{16}$. Hewlett-Packard was off 2\frac{5}{16}$ at $62⅝. In the tech sector, semiconductor shares were among the hardest hit, as Texas Instruments fell 1\frac{15}{16}$ to $42⅝.

TORONTO moved steeply lower in line with the early shakeout on Wall Street. Conglomerates was the worst performing sector. The 300 composite index was off 125.27 at 6,363.70 at noon.

Leading conglomerate Canadian Pacific lost almost 3 per cent during a busy morning session, sliding 85 cents to C$34.75.

Royal Bank of Canada, which announced plans to close branches in Quebec, fell heavily with the shares off C$1.10 at C$75.50 at noon. Toronto-Dominion Bank lost 70 cents at C$52.85.

Resource-based shares were weak. In golds, Barrick gave up 50 cents to C$22.50 and Placer Dome 45 cents to C$15.80. Oil stocks continued to suffer from weak oil prices and broker downgrades. Shell Canada came off C$1.10 at C$21.50.

The shakeout for tech stocks on Wall Street made deep inroads into the telecom equipment sector. Nortel lost C$1.90 to C$61.35 and BCE shed 80 cents to C$46.90.

SAO PAULO led leading Latin American centres lower. At midsession the Bovespa index was off 453 or 4.7 per cent at 9,205 as Asian wobbles reignited currency worries. Telebrás shed 4.8 per cent at R$114.50.

MEXICO CITY lost more than 1 per cent in the first 30 minutes of trading and by midsession the IPC index was down 123.97 or 2.6 per cent at 4,713.21 to extend its decline on the week to more than 8 per cent.

SANTIAGO had racked up losses of almost 4 per cent by midsession. The IPSA index was off 3.66 at 90.47.

South Africa falls further

Shares in Johannesburg continued to fall with golds weak and industrials pushed lower by a 7.8 per cent slide to R44.70 at Sasol.

The all-share index ended 66.6 lower at a four-week low of 5,990.6.

Golds reversed Thursday's rally, tumbling 18.2 or 2.4 per cent to 725.8 on continued worries about the bullion price.

The industrials index shed 79.8 at 7,183.8. Volume was decribed as "meagre".

Manila crashes over 8% to 57-month low

ASIA PACIFIC

Regional markets remained under intense pressure as investors tracked developments in Indonesia.

Manila was marked down 11 per cent at one stage and even a subsequent recovery left the market to close at a 57-month low. Singapore was also hard hit, falling more than 8 per cent at its low for the day.

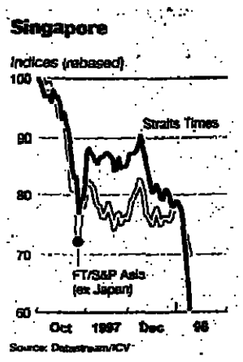
MANILA closed 8.3 per cent lower on fears that regional financial woes would intensify the slowdown in the economy. The composite index ended down 137.85 at 1,518.00.

Rumours of a run on deposits at Metrobank helped to undermine sentiment. In spite of the bank's denials, its shares ended 25 pesos lower at 195 pesos. Property shares were also badly hit and the sub-index lost 8.3 per cent.

SINGAPORE finished 7.4 per cent down as Indonesian investors sold off portfolios to repatriate assets. The Straits Times Industrials index ended at 1,176.35, down 94.35.

Total market turnover was a hefty 352.6m shares, with 68 gainers to 350 losers.

Singapore



Source: Datastream/ICV

Forced liquidation was seen across the board, but notably in properties and banks with high Indonesian exposures and potential bad debt problems.

JAKARTA managed to apply the brakes after this week's precipitate falls. Having lost 15 per cent in the previous three sessions, the composite index fell just 1.2 per cent to end the week at 342.97, down 4.138 on the day.

The rupiah staged a recovery, helping blue chips to post gains. However, falls at two heavyweights left the index in negative territory. Satellite operator Indosat fell Rp2,375, or 22.6 per cent to Rp8,125 after its ADRs plunged in New York trading. Noodle maker Indofood lost Rp500 to Rp1,300.

TOKYO dropped to its lowest intra-day level since July 1995 as concerns about the Asian financial crisis pushed share prices lower, *writes Gillian Tett in Tokyo.*

In the morning the Nikkei 225 average dropped more than 2 per cent to touch 14,424.28. However, the market later rebounded sharply on hints that more help for Japan's economy might be forthcoming.

Yoshiro Mori, chairman of the general council of the ruling Liberal Democratic party, said he would like permanent tax cuts of Y2,000bn.

Although the government recently announced Y2,000bn tax cuts for fiscal 1998, these are intended as temporary, one-year rebates that will be reversed in fiscal 1999.

Mr Mori's words pushed the index to an intra-day high of 15,065.53. However, it later closed at 14,995.10, 24.08 down on the day and below the psychologically important 15,000 level. Since December 19, the market has mostly traded between 15,300 and 14,800.

Volume was an estimated 400m shares, down from Thursday's 485m. The most active stocks were Nippon Steel and Sumitomo Metal Industry, which fell Y6 to Y155 and rose Y10 to Y149 respectively. Sakura Bank, which has been trending steadily downwards in recent weeks, continued to decline. It fell Y2 to Y352.

The broader based Topix index, which covers all issues on the first section, fell 1.2 per cent to 1,149.19. The Osaka stock exchange closed at 14,755.50, 204.77 lower. Turnover was 9.2m

HONG KONG dropped 3.9 per cent, with investors still unnerved by turmoil in regional markets and higher local interbank rates. The Hang Seng index dropped 359.89 to 8,894.64, its lowest close since May 10 1995.

China plays were also hit hard, with the China-Affiliated Corporations Index slumping 6.1 per cent the H-share index off 1.5 per cent after setting an all-time intra-day low.

News that leading banks had decided to raise prime lending rates with effect from Monday came after the market closed. Properties suffered the largest setbacks with the sub-index dropping 6.5 per cent.

BANGKOK lost 2.9 per cent on persistent worries that the leading banks would need to raise capital, and the SET index closed 10.50 lower at 349.67.

Analysts noted that the currency touched a new record low against the dollar briefly during the afternoon, which had further soured the mood.

Bangkok Bank was most active share, falling Bt5 to Bt62. Thai Farmers retreated Bt7 to Bt44.50 and Bank of Ayudhya Bt1.25 to Bt15.50.

SEOUL fell prey to the regional troubles, ending a seven-session winning streak fuelled by foreign buying, and the composite index lost 9.96 or 2.4 per cent to 414.00.

Analysts noted that the banking sector, which has heavy exposure to Indonesia and Thailand, was hardest hit by the sell-offs. Cho Hung Bank and Hanil Bank were both limit-down at Won3,000 and Won2,680.

KUALA LUMPUR continued to trade weakly, weighed by currency worries. Dealers said the uncertain mood was generating rumours of imminent company bankruptcies and heavy lay-offs.

Shipping and logistics firm Konsortium Perkalan was forced to issue a statement denying it was facing bankruptcy.

However, it said it was "trying to cope" with the economic slowdown and the shares fell 60 cents to M$1.22. The composite index ended 14.56 lower at 491.60.

THE WEEK'S CHANGES

	% change
Bangkok	-5.0
Hong Kong	-14.0
Jakarta	-17.0
Kuala Lumpur	-10.0
Manila	-19.0
Seoul	+4.0
Singapore	-23.0
Sydney	-2.0
Taipei	-4.0
Tokyo	+0.2
Wellington	-2.0

Weak Wall St and Asia push bourses down

EUROPE

The weak opening on Wall Street added to the uncertainty created in Europe by *the continued fall-out across Asia.*

PARIS had another active session with 21.4m shares traded. France Telecom gained FFr3.60 to FFr240.40 as investors sought the defensive merits of the telecoms sector, but the broad trend was downwards.

Most banks continued to slide and computer products leader SGS Thompson, hit by Asian inspired demand fears, lost FFr23.10 or 6.7 per cent at FFr321.10. The CAC 40 index ended 35.13 lower at 2,919.81.

Schneider came off FFr9.40 at FFr326.50 in spite of broker optimism over an upbeat company visit. Asian lending concerns remained in place at Société Générale, down FFr15 at FFr724, and Paribas which gave up FFr19 to FFr503.

FRANKFURT finished near the day's lows in spite of a slightly firmer dollar, and the Xetra Dax index closed 55.89 down at 4,237.75. *Banks continued to feel pressure from their Asian exposure.* Dresdner Bank tumbled DM5.31 to DM80.74.

Against the trend, Preussag jumped DM24.20 to DM549 on news that the state government of Lower Saxony and Norddeutsche Landesbank would make an offer for 51 per cent of Preussag Stahl.

AMSTERDAM was led lower by financials plus the softer dollar. Among financials, Amro and ING racked up volume of 25.6m shares between them. ABN lost 90 cents at Fl 39.40 and ING Fl 3.50 at Fl 88.30.

Oil price concerns kept sentiment in check at Royal Dutch. The shares lost Fl 1.00 at Fl 106 after local broker Amstgeld reduced its earnings forecasts for 1998. The AEX index ended the day 11.59 lower at 913.80.

ZURICH was driven lower by derivatives related selling and the SMI index finished 79.0 lower at 6,251.2.

Novartis bucked the trend for a second straight day on persisting rumours that the company planned a share buy-back. The shares picked up SFr23 to SFr2,413. In the opposite direction, Roche certificates finished off SFr260 at SFr14,190, but up from a low of SFr14,040 as NatWest lowered its profits forecasts for 1997.

Winterthur added SFr90 at SFr1,800 as the insurer unveiled plans to expand its activities in central and eastern Europe.

Zurich Group lost SFr23 to SFr668 as it pulled out of its proposed deal to take a large stake in Hong Kong's troubled Peregrine Investment.

MILAN ended on a high note after a see-saw day. The *Mibtel index rose 49 to 17,860* for a gain of 3 per cent on the week, as a late liquidity-driven rally eliminated earlier losses. Asia's crisis re-emerged as a factor, with Asian earners spending much of the day under pressure.

Pirelli declined L60 to L4,791 while luxury goods maker Bulgari struggled to end just L7 higher at L8,406.

Banking shares were also hit by profit-taking before trimming losses towards the close. Banca Intesa fell L44 to L7,784 and San Paolo di Torino ended L46 higher at L18,621, having been down L265 at one point. Carlo di Benedetti's CIR holding company was in favour, gaining L143 to L1,720 after selling its railway activities to GEC Alsthom.

MADRID was again dominated by speculation about the banking sector, this time centring on rumours that Banco Santander will soon announce the sale of its *majority stake in Banesto to* Banco Popular.

Banco Popular lost ground on the talk, shedding Pta410 to Pta11,700, while Banesto added Pta15 to Pta1,545. Santander struggled to make ground, up Pta40 at Pta5,370.

Elsewhere, sugar producers Ebro and Azucarera rose sharply on their return from suspension caused last month by KIO's decision to sell its Ebro stake.

The two groups are now expected to merge. Ebro rose Pta350 or 13.6 per cent to Pta3,030 while Azucarera added the maximum permitted under bourse rules, up Pta1,070 or 15 per cent at Pta8,220. The general index *finished off 0.89 at 650.83.*

Written and edited by Michael Morgan, Jeffrey Brown, Jonathan Ford and Peter Hall.

FTSE Actuaries Share Indices — European series

January 9

National & Regional Markets	Ecu Index	Day's %	change points	Yield gross %	xd adj	Total retn (Ecu)
FTSE Eurotop 300	994.06	-1.34	-13.47	2.23	0.05	1001.97
FTSE Eurotop 100	2287.28	-1.63	-37.81	-	-	-
FTSE Eurotop 300 Regions						
300 UK	996.35	-1.58	-15.98	3.15	0.00	1013.25
300 Ex-UK	993.33	-1.20	-12.06	1.72	0.08	996.10
300 Eurobloc	970.64	-1.22	-12.01	1.93	0.13	974.63
300 Ex-Eurobloc	1013.22	-1.42	-14.56	2.44	0.00	1023.98
FTSE Eurotop 300 Economic Groups						
Resources	899.97	-1.18	-10.79	3.03	0.50	913.00
General Industries	919.78	-1.43	-13.38	2.12	0.00	921.99
Consumer Goods	1002.53	-1.11	-11.28	1.81	0.00	1013.35
Services	986.22	-1.14	-11.39	2.26	0.00	994.25
Utilities	1055.87	-0.34	-3.65	2.61	0.00	1069.75
Financials	1063.24	-1.88	-20.37	2.16	0.00	1068.30

Base value 1000. More information on http://www.ftse.com. 'FTSE' and 'Footsie' are registered trade marks of the London Stock Exchange and The Financial Times. 'Eurotop' is a registered trade mark of the Amsterdam Stock Exchange. FTSE Eurotop indices are compiled by FTSE International. © FTSE International Limited 1998. All rights reserved

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

The data is delivered by Extel, part of Financial Times Information.

Details relate to those securities not included in the FT Share Information Services. The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday, they are not in order of execution but in ascending order which denotes the day's highest and lowest trades. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date. The size of individual deals are rounded to the nearest thousand and represented within parentheses, where available. # Bargains at special prices. * Bargains done the previous day.

British Government Stocks

Treasury 6½% Stk 2003 - 101¹³⁄₁₆ ⅞ 2¼ ⅝ ⅝ ¾
UK Treasury Strip 7¼% 07Dec2007Principal - 58.15
Annuities 2½% - 38½

Corporation and County Stocks

Bristol (City of) 11½% Red Stk 2008 - 134⅛ (05Ja98)
Leicester (City of) 7% Ln Stk 25/1/2019 - 103⅛ (07Ja98) ¼ (07Ja98)

UK Public Boards

Clydeport Operations Ltd 4% Irrd Stk - 58 (07Ja98)

Foreign Stocks, Bonds, etc-(Coupons Payable in London)

Abbey National Sterling Capital PLC 11½% Sub Gtd Bds 04/01/17 £ (Var) (Br) - 146.08984375 (07Ja98) .08984375 (07Ja98)
BAA PLC 5¾% Cnv Bds 2006 - 107⅛ (06Ja98)
British Land Co PLC 6½% Cnv Bds 2007 £ (Var) (Br) - £118⅝
Compass Group PLC 5.75% Cnv Bds 2007 £ (Var) (Br) - £105
Compass Group PLC 5.75% Cnv Bds 2007 £ (Var) - 101½ (29Se97) 5⅞ (06Ja97) 10 (06Ja98) ½ (06Ja98) ½ (06Ja98)
European Investment Bank 6⅝% Bds 25/06/17 £ (Var) (Br) - 126.14453125 (07Ja98) ⅛ (07Ja98) ⅛ (07Ja98) .53125 (07Ja98)
Glaxo Wellcome PLC 8⅝% Bds 01/12/05 £ (Var) (Br) - 112.55 (06Ja98)
Halifax PLC 8¾% Bds 16/02/04 £ (Var) (Br) - 99.3 (06Ja98)
Land Securities Finance (Jersey) Ltd 8% Gtd Cnv Bds 2007 (Reg) - 126 (07Ja98)
Lloyds Bank PLC 10⅝% Sub Ln Stk 2008 - 129 (07Ja98)
National Westminster Bank PLC 11½% Und Sub Nts £1000 (Cnv to Prf) - 136½ (07Ja98) ½ (07Ja98) ½ (07Ja98)
Southern Electric PLC 10¼% Bds 27/03/02 £ (Var) (Br) - 111.35 (06Ja98)
Tarmac Finance (Jersey) PLC 9½% Cnv Cap Bds 04/04/05 (Reg) - 107⅞ (07Ja98) ¾ (07Ja98) 8 (07Ja98) 8 (07Ja98)
United News & Media PLC 6¼% Sub Cnv Bds 2003 (Reg) - 105⅞ (07Ja98) ⅞ (07Ja98) 6 (07Ja98)
Vodafone Group PLC 7.5% Nts 2004 £ (Var) (Br) - 102.97
Vodafone Group PLC 7.875% Nts 08/11/01 (£1000, 10000, 100000) - 102.82

Debt Issuance Programmes

Deutsche Pfandbrief-und Hypotheken 6.5% Debt Inst 31/12/98 Gbp (Br) - 99.06 (06Ja98)

Sterling Issues by Overseas Borrowers

Denmark (Kingdom of) 13% Ln Stk 2005 - 135⅛ (06Ja98)
European Investment Bank 9¾% Ln Stk 2001 (Reg) - 106⅝ 7 (06Ja98)
New Zealand 11½% Stk 2008 (Reg) - 134 (05Ja98)
Petroleos Mexicanos 14½% Ln Stk 2006 - 127½

Listed Companies (excluding Investment Trusts)

600 Group PLC 3.15% Cum Prf £1 - 58 (07Ja98) 60 (07Ja98)
Abbey National PLC 10⅜% Non-Cum Stlg Prf Shs £1 - 144 (07Ja98) ½ (07Ja98)
Abbey National PLC 8⅝% Non-Cum Stlg Prf £1 - 119⅝ (07Ja98)
ABF Investments 5½% Uns Ln Stk 87/2002 50p - 46 (06Ja98)
ABF Investments 7½% Uns Ln Stk 87/2002 50p - 48 (07Ja98)
Adscene Group PLC 7.6% (Net) Ser'2'Cnv Prf Shs £1 - 99 (06Ja98)
Aggregate Industries PLC 11.25p Cum Red Prf 2005 10p - 127 (05Ja98)
Aggregate Industries PLC 7.25p (Net) Cnv Cum Red Prf 25p - 99 (06Ja98)
Albert Fisher Group PLC ADR (10:1) - 5.05 (05Ja98)
Alexanders Hldgs PLC Ser'A' (Rst.Vtg) Ord 10p - 11 (06Ja98)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 93 (07Ja98)
Allied Domecq Financial Servs PLC 6¾% Gtd Cnv Sub Bds 7/7/08 £1000 (Reg) - 102¼ (07Ja98)
Allied Domecq PLC ADR (1:1) - 8.81 (07Ja98)
Allied Domecq PLC 7½% Cum Prf £1 - 100 (06Ja98)
Allied Domecq PLC 6¾% Deb Stk 2019 - 135 (07Ja98)
Allied Domecq PLC 11¾% Deb Stk 2009 - 140 (05Ja98)
Andrews Sykes Group PLC Cnv Cum Prf 50p - 157 (07Ja98) 62½ (05Ja98) ½ (07Ja98) 3 (06Ja98) 3 (07Ja98)
Anglian Water PLC 5⅜% Index-Lnkd Ln Stk 2008 - 147⅝ (07Ja98)
Autologic Hldgs PLC Ord 5p - 293 (6) 4 (3) 6 (50) 7 (0)
Automotive Products PLC 4.55% Cum 2nd. Prf £1 - 56 (07Ja98)
BAA PLC ADR (1:1) - 8.32 (06Ja98)
Bailey (C.H.) PLC Ord 10p - 6½ (06Ja98)
Barclays Bank PLC 16% Uns Cap Ln Stk 2002/07 - 135½ (06Ja98)
Barclays PLC ADR (4:1) - 109.625 (0)
Bass PLC ADR (2:1) - 29.95 (0)
Bass PLC 10⅛% Deb Stk 2016 - 130½ (07Ja98)
B.A.T Industries PLC ADR (2:1) - 18.125 (07Ja98) .31185625 (9) .5 (07Ja98)
BG PLC 'B' Shs 30p - 29 (0, 1, 0, 1, 0, 1, 0, 7, 3, 1, 0, 1, 0, 1, 0, 5) 9 (05Ja98) 9 (07Ja98) 9 (07Ja98) 31 (1, 0)
BG PLC ADR (5:1) - 23.75 (3) 4.375 (5)
Birmingham Midshires Building Soc 9⅜% Perm Int Bearing Shs £1000 - 128 ⅝ (06Ja98)
Blacks Leisure Group PLC 10% Cum Prf £1 - 126 (07Ja98)
Blue Circle Industries PLC ADR (1:1) - 5.65 (07Ja98)
Blue Circle Industries PLC 6½% Uns Ln Stk (1975 or after) - 92 (07Ja98)
BOC Group PLC ADR (1:1) - 32.875 (07Ja98)
Bodycote International PLC New Ord 25p (Np - 09/01/98) - p860 (07Ja98) 5 (07Ja98) 7 (07Ja98) 70 (07Ja98) 70 (07Ja98) 70 (07Ja98) 70 (07Ja98) 70 (07Ja98) 70 (07Ja98) 2 (07Ja98) 2 (07Ja98) 2 (07Ja98) 2 (07Ja98) 9 (07Ja98) 82 (06Ja98) 4 (06Ja98) 5 (07Ja98) 93 (07Ja98) 9 (07Ja98) 400 (07Ja98) 1 (07Ja98) 1 (07Ja98) 1 (07Ja98) 10 (07Ja98) 3 (07Ja98)
Bolton Group (Intl) Ld Com Shs 1p - 3 ½ (07Ja98)
Booker PLC ADR (4:1) - 23.24 (07Ja98)
Boosey & Hawkes PLC 3.85% (fmly 5½%) Red Cum 1st Prf £1 - 77 (06Ja98)
Boots Co PLC ADR (2:1) - 29.92 (05Ja98)
Bournemouth & West Hampshire Water PLC 8.5% Cum Irrd Pref £1 - 127⅝ (07Ja98) 8½ (07Ja98) ½ (07Ja98)
Boustead PLC Ord 1p - 18 (06Ja98)
Bradford & Bingley Building Society 11⅝% Perm Int Bearing Shs £10000 - 157 (07Ja98)
Brent International PLC 9% Cum Red Prf £1 - 113⅝ (06Ja98)
Bristol & West PLC Prf £1 - 133⅝ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) 4 (07Ja98) ¼ (07Ja98) ¼ (07Ja98) ¼ (07Ja98) ¼ (07Ja98) ¼ (07Ja98)
Bristol & West PLC 13⅝% Uns Perp Sub Bds - 179⅝ (07Ja98) 80 (07Ja98)
Bristol Water Hldgs PLC Non-Vtg Ord £1 - 1090 (05Ja98)
Bristol Water PLC 8¾% Cum Irrd Prf £1 - 135 (06Ja98)
Britannia Building Society 13% Perm Int Bearing Shs £1000 - 175½ (07Ja98)
British Airways PLC ADR (10:1) - 96.996768 (5) 7.5 (6) .74874 (5)
British Land Co PLC New Ord 25p - p885 (3)
British Petroleum Co PLC ADR (6:1) (Each Cnv into 6 Ord 25p) - 75.9122 (100) 6.125 (07Ja98) * .5 (2) .5755 (20) .625 (2) .64 (9) .6858 (42) .843 (28) .9060071 (35) .92 (10) 7.214176 (50) .25 (10, 15, 7) .375 (3, 5)
British Petroleum Co PLC 9% Cum 2nd Prf £1 - 107 13 (05Ja98)
British Sky Broadcasting Group PLC ADR (6:1) - 44.47 .5 (06Ja98)
British Steel PLC ADR (10:1) - 22.25 (10, 23, 1) .3125 (3) .37425238 (4) .37425333 (5) .37425399 (16) * .72 (50)
British Steel PLC 11½% Deb Stk 2016 - 148½ (07Ja98)
British Sugar 10¾% Red Deb Stk 2013 - 135 (05Ja98)
British Telecommunications PLC ADR (10:1) - 79.865 (07Ja98) 80.875 (2) 1.375 (3) .54 (9)
Brockhampton Hldgs PLC 'A'Non-V Ord 10p - 90 (07Ja98)
Broken Hill Proprietary Co Ld Ord A$1 - 13.95
Brunel Holdings PLC 4.6p (Net) Cnv Cum Red Prf 20p - 63 (07Ja98)
BTR PLC ADR (4:1) - 12.27 (07Ja98) .34 (07Ja98)
Budgens PLC 5% Cnv Uns Ln Stk 2003 - 91 (05Ja98)
Bulgin PLC Ord 5p - 95 103 (05Ja98)
Bulmer (H.P.) Hldgs PLC 8¾% 2nd Cum Prf £1 - 128 ½ (06Ja98)
Bulmer (H.P.) Hldgs PLC 9¾% Cum Prf £1 - 130 (06Ja98)
Burmah Castrol PLC ADR (2:1) - 35.2 (07Ja98)
Burmah Castrol PLC 7¾% Cum Red Prf £1 - 89 (07Ja98) 90 (07Ja98)
Burmah Castrol PLC 8% Cum Prf £1 - 97 (07Ja98)
Burton Group PLC 8% Uns Ln Stk 96/2001 - 98 (07Ja98) 8 (07Ja98)
BZW Endowment Fund Red Ord 1p - 158½ (07Ja98) ½ (07Ja98) 9 (07Ja98)
BZW Endowment Fund II Ld Ord Redeemable Shs 1p - 119 (07Ja98) ½ (07Ja98) 21 (07Ja98) 1 (07Ja98)
Cable AND Wireless Comms PLC ADR (5:1) - 22.875 3.375
Cadbury Schweppes PLC ADR (4:1) - 40.88 (07Ja98) 1.52 (25)
Calluna PLC New Ord 5p (Np - 28/01/98) - ½ (4170, 4) 1 (0, 11, 25)
Caradon PLC 'B'Shs £1 - 92 (0) 3 (1)
Carlton Communications PLC ADR (5:1) - 38.36 (3)
Carlton Communications PLC 5.5p (Net) Cum Cnv Prf - 131½ (07Ja98) .93 (07Ja98) 2 (07Ja98) 2 (07Ja98) 2 (06Ja98) .125 (07Ja98) ¼ (07Ja98) ½ (07Ja98)
Cheshire Building Society Fltg Rte Perm Int Bearing Shs - 118 (07Ja98)
Clubhaus PLC Wts to Sub for Ord - 3 (05Ja98)
Coats Patons PLC 6¼% Uns Ln Stk 2002/07 - 95⅝ (07Ja98)
Coats Viyella PLC 6¼% Snr Cnv Bds 09/09/03 £1000 (Rg) - 94 (06Ja98)
Commercial Union PLC 8¾% Cum Irrd Prf £1 - 142⅝ (07Ja98) ¾ (07Ja98)
Commercial Union PLC 8⅝% Cum Irr Prf £1 - 145½ (07Ja98) ½ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98)
Cookson Group PLC 7% Cnv Bds 2/11/2004 (Rg) - 102⅝ (07Ja98) 3 95 4
Co-Operative Bank PLC 9.25% Non-Cum Irrd Prf £1 - 143 (07Ja98) 3 (07Ja98) 3 (07Ja98) 3 (07Ja98) ¼ (07Ja98)
Cooper (Frederick) PLC 6.5p (Net) Cnv Red Cum Ptg Prf 10p - 32 (07Ja98) 5 (07Ja98)
Cordiant Communications Group PLC ADR (5:1) - 9.1078 (06Ja98)
Courtaulds PLC 7¾% Uns Ln Stk 2000/05 - 101½ (07Ja98) 3⅛ (07Ja98)
Courts PLC 5.9% (Net) Cum Prf £1 - 96 (06Ja98)
Coventry Building Society 12⅛% Perm Int Bearing Shs £1000 (Reg) - 161⅝ (07Ja98) ½ (07Ja98) 2⅛ (07Ja98)
Daily Mail & General Trust PLC Ord 50p - 2085 (07Ja98)
Dares Estates PLC 10¾% 1st Mtg Deb Stk 2012 - 104 (05Ja98) 4 (05Ja98)
Debenhams Retail PLC 7¾% Uns Ln Stk 2002/07 - 103 (07Ja98)
Dee Valley Group PLC Non Vtg Ord 5p - 410 (07Ja98)
Diageo PLC ADR (4:1) - 37.6875 (5) .875 (20) 8.5 (25)
Dixons Group PLC ADR (3:1) - 26.78 (07Ja98)
Dragon Oil PLC Wts to Sub for Ord IEP0.25 - 35 (1)
Dunlop Plantations Ld 6% Cum Prf £1 - 58 (07Ja98)
East Surrey Hldgs PLC 7.8% Cum Irrd Prf £1 - 120½ 1 (05Ja98)
Ecclesiastical Insurance Office PLC 8.625% Non Cum Irrd Prf £1 - 125⅛ (07Ja98) ⅛ (07Ja98) ⅛ (07Ja98) ⅛ (07Ja98) ⅛ (07Ja98)
Emess PLC 6.25p (Net) Cnv Cum Prf 5p - 67 (07Ja98) ½ (07Ja98) 8 (07Ja98) 8 (07Ja98) 8 (07Ja98)
Energis PLC Ord 50p - 268 (19) ⅛ (5) ¾ (0) 9 (07Ja98) 70 (1) 70 (07Ja98) 70 (07Ja98) 1 (1, 2, 10, 30, 50, 0, 1, 84) ¼ (1, 2, 1, 0) 2 (0, 1, 0, 1, 0, 4, 1, 50, 1, 0, 1, 3, 1, 5, 3, 1, 0, 1, 0, 1, 2, 0, 1380, 500, 2000)
Energy Capital Investment Co PLC 8% Cnv Uns Ln Stk 1998 (20p/Pp) - 15 (06Ja98)
Energy Group PLC ADR (4:1) - 44.6235124 (25) .625 (07Ja98) .625 (05Ja98) .68500909 (6) .6875 (07Ja98)
Enterprise Oil PLC 10⅞% Uns Ln Stk 2013 - 134.7 (07Ja98) 5⅛ (07Ja98)
Exploration Co PLC Ord Stk 5p - 367 (05Ja98)
Falcon Hldgs PLC Ord 5p - 145 (05Ja98)
Feedback PLC 10% Cnv Red Prf Shs £1 - 135 (07Ja98) 7 (07Ja98) 40 (07Ja98)
F.I. Group PLC New Ord 5p (FP/PAL - 19/01/98) - 1000 (0, 20) 5 (20)
First National Building Society 11⅝% Perm Int Bearing Shs £10000 - 157 (07Ja98)
Firth Rixson PLC 11.05% Cum Prf £1 - 130 (06Ja98)
Folkes Group PLC Ord 5p - 65 ½ (06Ja98)
Friendly Hotels PLC 5% Cnv Cum Red Prf £1 - 92 3 .05 (06Ja98)
Friendly Hotels PLC 7% Cnv Cum Red Prf £1 - 92 (07Ja98)
Gallaher Group PLC ADR (4:1) - 26.625 (02Ja98) 2.75 (0) .875 (36) .9482588 (33) * 3 (125) .0645 (328) .18 (69) .1875 (10) .2375 (6) .25 (125) .375 (125)
Geared Income Securities Ld Zero Div Gtd Prf 0.001p - 102½ (07Ja98) 3⅛ (07Ja98) ⅛ (07Ja98)
General Accident PLC 7⅞% Cum Irrd Prf £1 - 133½ (07Ja98) ½ (07Ja98) ½ (07Ja98) 4 (07Ja98)
General Accident PLC 8⅞% Cum Irrd Prf £1 - 147¼ (07Ja98) ½ (07Ja98) ½ (07Ja98)
General Cable PLC ADR (5:1) - $6.4375 (25) .53 (9, 2, 1)
General Electric Co PLC ADR (1:1) - 6.61 (07Ja98)
Gibbs & Dandy PLC Ord 10p - 100 (07Ja98)
GKN PLC ADR (1:1) - 21.14 (06Ja98)
Glaxo Wellcome PLC ADR (2:1) - 47.8125 (02Ja98) 9.625 (07Ja98) .75 (50) .975 (10) .985 (07Ja98) .891428 (35) * .91 (13)
Granada Group PLC 10% 1st Mtg Deb Stk 18/2/18 - 133⅝ (05Ja98)
Great Portland Estates PLC 7.25% 1st Mtg Deb Stk 2027 - 105⅝ (06Ja98)
Greenalls Group PLC 7% Cnv Subord Bds 2008 £1 (Regd) - 108⅛ (07Ja98)
Greenalls Group PLC 8% Cum Prf £1 - 121½ (05Ja98)
Greenalls Group PLC 9⅛% Ind Uns Ln Stk - 127 (07Ja98)
Green Property Co. New Ord IEP0.25 (FP/PAL - 12/01/98) - p345 (07Ja98)
Greycoat PLC Wts to Sub for Ord - 20 (07Ja98) 20 (07Ja98) 20 (07Ja98) 1 (07Ja98)
Haco Ld 10⅛% Several Deb Stk 2017 - 137.078125 (07Ja98) .078125 (07Ja98)
Halifax PLC 12% Perp Sub Bds £ - 154½ (06Ja98)
Hanson PLC ADR (5:1) - 22.71 .78 .8125 .875 (07Ja98)
Hardys & Hansons PLC Ord 5p - 227 (07Ja98) ½ (07Ja98) 9 (07Ja98) 33 (07Ja98) 3 (07Ja98)
Haslemere Estates 10¼% 1st Mtg Deb Stk 98/2003 - 100 (02Ja98)
Heart of Midlothian PLC Ord 10p - 100 (07Ja98) 100 (07Ja98) 4 (07Ja98)
Hemingway Properties PLC 10.375% 1st Mtg Deb Stk 31/7/23 - 134⅛ (07Ja98)
Hillsdown Hldgs PLC ADR (4:1) - 10.39 (07Ja98)
Housing Finance Corp Ld 7% Deb Stk 2009 - 100⅝ (07Ja98)
HSBC Hldgs PLC Ord 75p (Hk Reg) - $H1491 (07Ja98) 7 (07Ja98) 9 (07Ja98) 510 (07Ja98) 1 (07Ja98) 2 (07Ja98) 8 (07Ja98) 30 (07Ja98) 30 (07Ja98) 2 (07Ja98) 2 (07Ja98) 3 (07Ja98) 3 (07Ja98) .5 (07Ja98) 9 (07Ja98) 42 (07Ja98)
HSBC Hldgs PLC 11.69% Subord Bds 2002 £1 (Reg) - 113 (07Ja98) 6 (07Ja98)
Iceland Group PLC Cnv Cum Red Prf 20p - 110 (07Ja98) 10 (07Ja98) 10 (07Ja98) 10 (07Ja98) .44 (07Ja98) ½ (07Ja98)
Illingworth, Morris Ld 6½% Cum 2nd Prf Stk £1 - 60 (06Ja98)
Illingworth, Morris Ld 6⅛% Cum Prf Stk £1 - 71 (07Ja98)
Imperial Chemical Industries PLC ADR (4:1) - 64.125 (1) .26 (07Ja98) .5 (3) .57 (6, 25) .5784 (30) * .75 (1)
Inch Kenneth Kajang Rubber 10p - p80 (06Ja98)
Ionica Group PLC ADR (3:1) - 5.42 (1)
Jersey Electricity Co Ld 'A'Ord £1 - 24½ (05Ja98)
Johnson Group Cleaners PLC 7.5p (Net) Cnv Cum Red Prf 10p - 119½ (07Ja98)
Kayser Bondor Ld 6% Red Cum Prf Stk £1 - 70 (05Ja98)
Kingfisher PLC ADR (2:1) - 28.26 (07Ja98)
Kunick PLC 7p Cnv Cum Red Prf 5p - 98½ (06Ja98)
Kvaerner PLC 9⅛% Uns Ln Stk 2000/05 - 104½ (05Ja98)
Kvaerner PLC 10⅛% Uns Ln Stk 2001/06 - 105½ (07Ja98)
Ladbroke Group PLC ADR (1:1) - $4.62 (07Ja98)
Land Securities PLC 7% Cnv Bds 30/9/2008 £1000 (Rg) - 157⅝ (06Ja98)
LASMO PLC 10⅝% Deb Stk 2009 - 120¼ 8⅛ (05Ja98)
Leeds & Holbeck Building Society 13⅝% Perm Int Bearing Shs - 182 3⅞ 4⅛ 5# (06Ja98)
Legal & General Group PLC 6¼% Cnv Subord Bds 30/4/08 £1000 (Rg) - 259 (07Ja98) 9 (07Ja98) ½ (07Ja98) ½ (07Ja98) 60# (07Ja98) 60 (07Ja98) 60 (07Ja98) ½ (07Ja98) 5.35# (07Ja98)
Lex Service PLC 5½% Cum Prf £1 - 74 (05Ja98)
London Finance & Investment Grp PLC Wts to Sub for Ord - 12 (07Ja98)
London International Group PLC ADR (5:1) - 13.9 (05Ja98)
Lonrho PLC ADR (1:1) - 1.43 (07Ja98)
LucasVarity PLC ADS (10:1) - 35.8 .875 (06Ja98)
Marchpole Holdings PLC Ord 20p - 105 (07Ja98)
Marks & Spencer PLC ADR (6:1) - 60 (06Ja98)
McAlpine (Alfred) PLC 9% Cum Prf £1 - 114 (07Ja98)
McCarthy & Stone PLC 7% Cnv Uns Ln Stk 1999/2004 - 98 (07Ja98) 8 (07Ja98)
McKay Securities PLC Cap 20p - 140 (06Ja98)
MEPC PLC 8% Uns Ln Stk 2000/05 - 103 (07Ja98) 3 (07Ja98)
MEPC PLC 10⅛% Uns Ln Stk 2032 - 141½ (05Ja98)
Merchant Retail Group PLC 8¾% Uns Ln Stk 99/2004 - 97 (07Ja98)
Midland Bank PLC 14% Subord Uns Ln Stk 2002/07 - 126⅛ (07Ja98)
Molyneux Finance PLC 8¼% 1st Mtg Deb Stk 31/12/2019 - 115 (06Ja98)
Mucklow (A. & J.) Group PLC 7% Cum Prf £1 - 89 (02Ja98)
National Australia Bank Ld Ord A$1 - 22.03
National Power PLC ADR (4:1) - $40
National Westminster Bank PLC ADR (6:1) - 103.2 (5) 4.5 (5)
National Westminster Bank PLC 9% Ser'A'Non-Cum Prf £1 - 147¼ (07Ja98) ¼ (07Ja98) .375 (07Ja98) .375 (07Ja98) .375 (07Ja98) ⅜ (07Ja98)
National Westminster Bank PLC 12½% Subord.Uns Ln Stk 2004 - 129⅛ (07Ja98) .46875 (07Ja98)
NEC Finance PLC 10⅝% Deb Stk 2016 - 147.03125 (07Ja98)
Newcastle Building Society 10⅝% Perm Int Bearing Shs £1000 - 148⅛ (07Ja98)
Newcastle Building Society 12⅝% Perm Int Bearing Shs £1000 - 174⅛ (06Ja98)
NFC PLC 7¾% Cnv Bds 2007 £1000 (Rg) - 99¼ (07Ja98)
Northern Foods PLC 6¾% Cnv Sub Bds 08/08/08 £1000 (Rg) - 102 (07Ja98) ½ (07Ja98)
Northern Recruitment Group PLC Ord 5p - 142 (07Ja98) 3 (1) 5 (4) 6 (145, 1) 7 (4, 10) 8# (10) 8# (5) 8 (1, 2) 9 (1) ¼ (1) ½ (1) 50 (7, 1, 2, 3, 2) 1# (4)
Northern Rock PLC 12⅝% Perp Sub Nts (Br) - 170 (07Ja98) 70 (07Ja98) ½ (07Ja98)
OEM PLC Ord 25p - 33 (07Ja98) ½ (07Ja98) ¼ (07Ja98) 5
Orange PLC ADR (5:1) - 20.75 .82 (07Ja98)
Panther Securities PLC Wts to Sub for Ord - 32 (19De97)
Paramount PLC Cum Sec Cnv Red Prf Shs £1 - 70 (07Ja98)
Paterson, Zochonis PLC 10% Cum Prf £1 - 138½ (02Ja98)
Peel Hldgs PLC 5.25% (Net) Cnv Cum Non.V Prf £1 - 237 40 (05Ja98)
Peninsular & Orient Steam Nav Co 7¾% Cnv Bds 19/5/03 £1000 (Regd) - 115⅝ (07Ja98) 6 (07Ja98)
Perkins Foods PLC 8p (Net) Cum Cnv Red Prf 10p - 110 (07Ja98) 2 (07Ja98)
Pittards PLC 9⅛% Cum Prf £1 - 100 (06Ja98)
PowerGen PLC ADR (4:1) - 52.375 (07Ja98)
Premier Farnell PLC ADR (2:1) - 13.73 (07Ja98)
Premier Farnell PLC 89.2p Cum Cnv Red Prf (Sterling Coupon) - 13.135 (07Ja98)
Queens Moat Houses PLC 12% 1st Mtg Deb Stk 2013 - 114⅝ (07Ja98)
Racal Electronics PLC ADR (2:1) - 8.58 (02Ja98)
Rao Gazprom ADS (Repr 10 Ord Rur10) (144A) - $24.25 (07Ja98)
R.E.A.Hldgs PLC 9% Cum Prf £1 - 94 (05Ja98)
Reckitt & Colman PLC 5% Cum Prf £1 - 73¼ (07Ja98)
Regal Hotel Group PLC Cnv Cum Red Prf 2001 £1 - 100 (07Ja98) 100 (07Ja98)
Reuters Holdings PLC ADR (6:1) - 34.70000078 (25) 66.11 (15) .2 (07Ja98) .25 (07Ja98) .25 (8) .26 (5) .36499786 (5) .375 (5, 7) .60277 (1) * .625 (5) .67 (20) .7 (0) .8 (5)
Rio Tinto PLC Ord 10p (Br) - 730 50 (05Ja98)
Rio Tinto PLC ADR (4:1) - 50.55 (07Ja98)
Rio Tinto PLC 3.325%'A'Cum Prf £1 - 70 (05Ja98)
Rolls-Royce PLC ADR (5:1) - 19.08 (07Ja98)
Royal & Sun Alliance Ins Group PLC 7.25% Cnv Sub Bds 30/11/08 £1000 (Reg) - 164 (07Ja98)
Royal & Sun Alliance Ins Group PLC 7⅜% Cum Irrd Prf £1 - 125 (07Ja98) 5 (07Ja98) 5 (07Ja98) 5 (07Ja98) 5 (07Ja98)
Sainsbury (J) PLC 8% Irrd Uns Ln Stk - 117 (07Ja98)
Saudi Arabia Investment Fund Ld Ord Shs $0.01 - 9.125 (07Ja98)
Saville Gordon (J.) Group PLC 7½% 1st Mtg Deb Stk 2023 - 102.83 (05Ja98)
Scholl PLC 5⅛% Cnv Cum Red Prf 2006/11 £1 - 102 (06Ja98)
Scottish Media Group PLC 6.50% Cnv Uns Ln Stk 2007 - 103 (07Ja98)
SCS Upholstery PLC Ord 1p - 116 (1)
Sedgwick Group PLC 7¼% Cnv Bds 31/5/2008 £5000 (Rg) - 101 (07Ja98)
Severn Trent PLC 'B' Shs 36p - 31 (0) 1 (07Ja98) 1 (07Ja98)
Shaw (Arthur) & Co PLC Ord 5p - 3½ (05Ja98)
Shell Transport & Trading Co PLC Ord 25p (Br) - 425 (07Ja98) 5 (07Ja98) 40 (07Ja98)
Shell Transport & Trading Co PLC ADR (6:1) - 40.8 (16) .873638 (10) .998834 (10) 1.125 (07Ja98) .15 (10) .188127 (10) * .1875 (07Ja98) .2 (17) .25 (07Ja98) .3 (1) .3125 (07Ja98) .3625 (07Ja98) .375 (07Ja98) .4375 (07Ja98) .45 (4) .498615 (4) .498816 (5) .49881625 (16) .5 (07Ja98) .6875 (10) .75 (4) .75 (07Ja98) .865 (07Ja98)
Shoprite Group PLC Ord 5p - 22 (07Ja98)
Silvermines Group PLC Ord Shs IEP0.025p (Rfd - 02/01/98) - 42 (05Ja98)
Skipton Building Society 12⅝% Perm Int Bearing Shs £1000 (Reg) - 177⅝ 8⅛# ⅛# (06Ja98)
SkyePharma PLC 'B' Warrants - 2½ (3) 4 (0)
SmithKline Beecham PLC ADR (5:1) - 51.25 (29De97) .3125 (02Ja98) .4375 (02Ja98) .5 (06Ja98) .75 (07Ja98) .75 (07Ja98) 2 (25) .1324 (07Ja98) .25 (07Ja98) * .7 (10) .81 (10) 3.11 (10) .125 (5, 1, 10, 4) .15 (10) .16 (50) .21 (10, 20, 9) .22 (150) .25 (13, 5) .27 (11) .28 (10) .31 (10) .33 (20) .375 (10, 5, 10) .4 (6) .5 (10)
Smith (W.H.) Group PLC 5⅛% Red Uns Ln Stk - 71 (07Ja98)
Southern Electric PLC 'B' Shs 30p - 30 (0, 1) 30 (07Ja98) 1 (07Ja98)
South Staffordshire Water PLC 9⅛% Red Deb Stk 98/2000 - 99½ 100½ (06Ja98)
Standard Chartered PLC 12⅞% Subord Uns Ln Stk 2002/07 - 121⅛ (07Ja98) .65 (07Ja98)
Staneleco PLC Ord 0.1p - ⅛ (07Ja98)
Stockbourne PLC Wts to Sub for Ord 1999 - ⅛ (05Ja98)
Sytner Group PLC Ord 10p - 230 1 3 (06Ja98)
Tadpole Technology PLC Wts to Sub for Ord - 2½ (0)
Tate & Lyle PLC ADR (4:1) - 33.44 (07Ja98)
Taylor Nelson AGB PLC New Ord 5p (FP/PAL - 21/01/98) - 91 (175) ½ (116) 2 (100)
Telewest Communications PLC ADR (10:1) - 12.125 (06Ja98)
Tesco PLC 4% Uns Deep Discount Ln Stk 2006 - 83⅛ (02Ja98)
Thorn PLC 'B'Shs 20 1/14p - 19 (1, 0, 1, 0, 1) 20# (13) * 20 (2)
Three Valleys Water PLC 4% Irrd Cons Deb Stk (fmly Rickmans Wtr) - 61⅛ (06Ja98)
Throgmorton Preferred Inc Tst PLC Ord 10p - 6½ (3)
Tootal Group PLC 4⅛% Perp Deb Stk - 73 (06Ja98)
Tops Estates PLC Wts to Sub for Ord - 7⅝ (06Ja98)
Tops Estates PLC 7½% Cnv Uns Ln Stk 2020 - 126½ (05Ja98)
Transport Development Group PLC 8¼% Uns Ln Stk 93/98 - 100 (05Ja98)
Trust Union Finance (1991) PLC 8.125% Deb Stk 2008 - 110⅛ (07Ja98)
Unigate PLC ADR (1:1) - 9.99 (07Ja98)
Unilever PLC ADR (4:1) - 34.29 .3
Upton & Southern Hldgs PLC Wts to Sub for Ord - 0.25 (07Ja98)
Upton & Southern Hldgs PLC 5p (Gross) Cum.Cnv.Red.Pref.Shs.50p - 95 (07Ja98)
Vaal Reefs Exploration & Mng Co Ld R0.50 - 37 (07Ja98)
Vanguard Medica Group PLC Wts to Sub for Ord - 62 (06Ja98) 77 (07Ja98) 82⅛ (1) 4 (1)
Vodafone Group PLC ADR (10:1) - 71.5 (0, 1) .6875 (1) .75 (3) 2.1875 (5) * .5625 (10)
Warmoughs (Hldgs) PLC 8⅛% Cum Red Prf £1 - 116 (07Ja98)
W E W Group PLC 10½% Cum Red Prf 1999/2002 £1 - 78 (07Ja98)
Whitbread PLC 6% 3rd Cum Prf Stk £1 - 82 (07Ja98)
Whitbread PLC 11⅝% Deb Stk 2011 - 142⅛ ½ (05Ja98)
Whitbread PLC 7⅛% Uns Ln Stk 95/99 - 99½ (06Ja98)
Whitbread PLC 10⅛% Uns Ln Stk 2000/05 - 108½ (05Ja98)
Whitecroft PLC 5.1% Cum Prf £1 - 68 (07Ja98)
Widney PLC 6.76% Cnv Cum Red 2nd Prf 2000 £1 - 85 (05Ja98) 5 (05Ja98)
Williams PLC 10⅛% Cum Prf £1 - 137⅛ (05Ja98)
Willis Corroon Group PLC ADR (5:1) - 12 (06Ja98)
Wintrust PLC 5.75% Cnv Cum Prf £1 - 124 (02Ja98)
Wyndham Motor Group PLC Ord 25p - 108 (07Ja98)
Young & Co's Brewery PLC 9⅛% Deb Stk 2018 - 129⅜ 30 (06Ja98)
ZENECA Group PLC ADR (3:1) - 110.375 (07Ja98)

Investment Trusts

Cairngorm B.S. Inv Tst PLC Uts (Compr 1 Wt No.1 - No.10) - 160 (06Ja98)
Cairngorm Demutualisation IT PLC Wts to Sub for Ord 50p - 14 (07Ja98)
Capital Opportunities Trust PLC 'C' Shs 25p - 105 (07Ja98)
City of London Investment Trust PLC 6% Non-Cum 2nd Prf Stk £1 - 83 (05Ja98)
City of London Investment Trust PLC Pfd Ord Stk (20% Non-Cum) £1 - 280 (06Ja98)
City of London Investment Trust PLC 6% Cum 1st Prf Stk - 83 (06Ja98)
Dunedin Income Growth Inv Tst PLC 3.5% Cum Prf Stk - 76½ (07Ja98)
Dunedin Worldwide Inv Tst PLC 3.5% Cum Prf Stk - 75½ (07Ja98)
Edinburgh Small Companies Trust PLC 7⅛% Deb Stk 2023 - 111⅛ (05Ja98)
English & Scottish Investors PLC 8.25% Deb Stk 2023 - 117⅝ (05Ja98)
Fleming Geared Growth Inv Tst PLC Units (Compr 100 13% Cum Prf & 9 Ord 50p) - 178 (06Ja98)
Geared Inc Inv Tst PLC New Inc Shs 25p - 52 (11, 5)
Geared Inc Inv Tst PLC New Ord 25p - 52 (20, 75, 35, 18) ⅛ (6, 50, 30, 25) ½ (17) 3 (38)
Govett Oriental Inv Tst PLC 5% Cum Prf Stk - 70 (07Ja98)
Henderson Smaller Cos Inv Tst PLC 4½% Cum Prf Stk - 66 (05Ja98)
INVESCO English & Intl Tst PLC 8.875% Cum Prf £1 - 129½ (07Ja98)
INVESCO Enterprise Trust PLC Cum Red Stepped Capped Prf £1 - 164 (07Ja98)
Ptarmigan Intl Cap Tst PLC 3⅛% Sub Cnv Bds 31/7/09 £5000 (Rg) - 94 (05Ja98)
Scottish American Inv Co PLC 4% Irr Deb Stk - 59⅛ (07Ja98)
Scottish Mortgage & Trust PLC 8%-14% Stepped Int Deb Stk 2020 - 182⅝ (07Ja98)
Second Alliance Trust PLC 4⅛% Cum Prf Stk - 65½ (07Ja98)
Second Scottish National Trust PLC Ord Inc Shs 10p - 104½ (07Ja98) 5½ (07Ja98) 6 (07Ja98) 6 (07Ja98) ½ (07Ja98) ½ (07Ja98) ½ (07Ja98)
Second Scottish National Trust PLC Zero Div Prf Shs 10p - 99½ 100 (07Ja98) 100 (07Ja98) 100 (07Ja98) 100 (07Ja98) ¼ (07Ja98) ¼ (07Ja98) ¼ (07Ja98) ½ (06Ja98) ½ (07Ja98) * ¾ ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) ¾ (07Ja98) 1 (07Ja98)
Securities Trust of Scotland PLC 4½% Cum Prf Stk - 65 (05Ja98)
Shires Smaller Companies PLC Wts to Sub for Ord - 52 (05Ja98)
Temple Bar Inv Tst PLC 7% Cum Prf Stk £1 - 94 (05Ja98)
Throgmorton Trust PLC 7.25% Cnv Uns Ln Stk 2003 - 95 (06Ja98)
Value Realisation Trust PLC 1.4% Cnv Uns Ln Stk 2006 - 129⅝ (05Ja98) ¾ (05Ja98) 30 (07Ja98) 30 (07Ja98) 30 (07Ja98) ½ (07Ja98) ½ (07Ja98) ½ (07Ja98) ½ (07Ja98) ½ (07Ja98) ½ (07Ja98) 1 2
Witan Inv Co PLC 6½% Exch Bds 1/9/08 £1000 (Regd) - 122⅛ (06Ja98)
Witan Inv Co PLC 8½% Deb Stk 2016 - 119⅛ (05Ja98)

Alternative Investment Market

Bond International Software PLC Ord 1p - 82 (07Ja98)
Dawn Til Dusk Holdings PLC Ord 10p - 260 (07Ja98)
Gooch & Housego PLC Ord 20p - 134 (06Ja98)
Heavitree Brewery PLC Ord 5p - 325 (05Ja98)
Heavitree Brewery PLC 'A'Ltd Vtg Ord 5p - 275 (05Ja98)
Market Link Publishing PLC Ord 5p - 54
Stra Business Services PLC Wts to Sub for Ord - 1

Lower Saxony steps in at Preussag Stahl

By Ralph Atkins in Bonn

The German state of Lower Saxony is to buy a controlling stake in the steel subsidiary of Preussag, the conglomerate based in Hanover, the state's capital.

The unexpected move, announced last night by Gerhard Schröder, the state's prime minister, followed pledges by Mr Schröder to protect the steel industry in Lower Saxony and up to 10,000 jobs. Mr Schröder, a Social Democratic, faces state elections on March 1.

Preussag Stahl is estimated to be worth more than DM1bn (£300m). Preussag, its parent company, had been expected to float the subsidiary or seek a trade buyer – which led to fears of a foreign buyer concentrating capacity elsewhere.

Last night, the state government, which made the offer in conjunction with the publicly-owned Norddeutsche Landesbank, described the deal as a "temporary operation" which would buy "peace and time". Such a step "is naturally the job of a government which is interested in the economic structure of the state", an official said.

The federal SDP is expected choose either Mr Schröder or Oskar Lafontaine, prime minister of Saarland, as its chancellor candidate shortly after the Lower Saxony poll.

Preussag Stahl, although profitable and benefiting from recent rises in steel prices, has been under pressure in an increasingly competitive steel industry.

Preussag decided to cede control of the subsidiary after the merger of the steel interests of Thyssen and Krupp, the rival German engineering groups. It argued that the longer term future of Preussag Stahl, which has a turnover of DM3bn, could be better secured by finding a new partner.

The basis of the deal was struck yesterday during a meeting between Mr Schröder and Michael Frenzel, Preussag chairman, but details have yet to be finalised. The sale price will be set after a report from independent consultants.

Lower Saxony and NordLB will initially buy 51 per cent of Preussag Stahl. But a further agreement will cover transfer of the remaining shares by the end of 1999 – possibly direct to other investors lined up by Mr Schröder. The Lower Saxony government said Mr Schröder would look for future private investors to take shares in Preussag Stahl "who would look after the industrial policy interests of Lower Saxony". That left open the possibility of Preussag being sold on later this year – or even being floated under plans drawn up by its existing parent.

Gerhard Schröder: move is a 'temporary operation' which will buy 'peace and time'

Estonian banks weather stock market turbulence

By Matej Vipotnik in Tallinn

Estonia's largest banks seem to have defied the liquidity crisis which hit its stock market last October, figures released yesterday show.

Hansabank, the Estonian savings bank, was the latest institution to report positive results earlier this week. Net income for its Estonian banking operations increased 63 per cent to EKr381.8m ($26m) on revenues of EKr888.9m in 1997.

Deposits rose 68 per cent, to EKr5.56bn, with shareholders' equity up EKr357.8m to EKr1.06bn.

The strong results were achieved in spite of the October turmoil which saw the local bourse lose more than 50 per cent of its value.

Tallinn's stock exchange had grown rapidly until turbulence in international capital markets and a tightening of reserve requirements by the Bank of Estonia, the central bank, squeezed liquidity and sent interest rates soaring. In the ensuing market fall, several banks reported losses from securities trading.

In November, Hansabank reported losses of about EKr50m, as did Hoiupank, another large bank, whose securities trading-related losses lead to a total loss of EKr11.3m for the month. But November was the only month in which Hoiupank realised a loss during 1997.

Hoiupank's unaudited, end-of-year figures show the bank increased net profits from EKr67.9m to EKr233.8m. Its assets more than doubled to EKr4.87bn.

The banks' growth can be attributed to rapid economic expansion, which has seen bank lending increase more than 50 per cent annually in the past three years. Mike Wheelhouse, analyst at Nomura, said while the under-banked market could probably muster 50 per cent growth in 1998, the vigilance of the central bank was likely to keep loan growth to about 30 per cent. The Bank of Estonia has announced plans to increase capital adequacy ratios further this year.

US producers suffer as competition hits Midwest

By Nikki Tait in Chicago

Economic belt-tightening hit the US Midwest yesterday as Owens-Corning, a building materials producer, announced it was cutting its workforce by 9 per cent, and Libbey, a glass tableware maker, warned of lower-than-expected profits.

Owens-Corning, which is based in Toledo said it would take a pre-tax charge of $250m to cover a range of restructuring measures, including the loss of 2,200 jobs.

The company said the reorganisation reflected cost pressures, particularly in certain insulation markets. In the latter half of 1997, Owens acknowledged that it was being hammered by competition. It estimated that industry prices for residential insulation fell 10 per cent last year, although it has tried to push through a price increase since the start of 1998.

The company said the restructuring plan would cut about $100m from operating costs in 1998, and $75m in 1999. Job losses would be spread equally between its North American and overseas operations.

Meanwhile, the pricing pressures have caused Ownens to cut its earnings estimate for 1997, ahead of restructuring charges, to about $3 a share. Analysts' forecasts had previously averaged about $3.73, down from $4.65 in 1996, according to First Call.

Libbey, which is also based in Toledo, also warned that fourth quarter profits would be disappointing – although the company added that its goal of double-digit profits growth for 1998 was unchanged. The company blamed higher-than-expected costs and "disappointing sales to retail customers late in the Christmas selling season" for the shortfall. It said fourth quarter earnings per share would be between 55 and 60 cents, compared with analysts' estimates of about 70 cents.

On Wall Street, Libbey's shares fell sharply, losing $3⅛ to $33 by midday. Owens dropped $1, to $32⅝.

Nutriceuticals head the menu

Foods devised by drug companies are creating a stir, write **Daniel Green** and **Greg McIvor**

This week's yoghurt-that-makes-you-feel-full is the latest nutriceutical. These are foods developed by medical scientists rather than nutritionists, and backed by scientific evidence. At the very least, they offer marketers a new weapon, and *may* provide benefits for consumers.

The yoghurt was invented by Scottish biotechnology company Scotia. It went on sale in Sweden on Thursday, and Scotia is in talks with international food manufacturers for rights to sell it elsewhere.

It tastes like ordinary yoghurt (a rather creamy yoghurt, actually, according to a small study in the Financial Times office), but has a component, called Olibra, that makes the eater feel full.

It works, says Scotia, by stimulating the nerve endings in the small intestine that tell the brain eating time is over. The company identified a component of palm oil that sends the message and mixed it with oat oil and water to make an emulsion that can be used by food manufacturers.

Biotechnology and pharmaceutical companies have usually stayed away from the food industry, which they see as offering low profit margins in comparison with medicines. But the latest scientific discoveries are offering insights into the body's biochemistry that allow a big price premium for high-technology foods.

The price of the new yoghurt is twice that of ordinary yoghurt. Even this looks modest compared with the price of Benecol, a cholesterol-reducing margarine made by Finland's Raisio.

The Raisio example illustrates both the potential and the pitfalls of nutriceuticals.

Benecol, which has been shown by clinical studies to cut blood cholesterol levels, has been an investor's dream. Shares in Raisio have risen 11-fold since Benecol first came to prominence in 1996.

Nevertheless, the margarine, is some way from fulfilling its international potential, being at present available only in Finland.

For months, Benecol, which sells at about seven times the price of normal margarines, sold out as soon as it hit Finnish supermarket shelves, but Raisio has had problems obtaining sufficient quantities of the key, cholesterol-lowering ingredient to meet demand.

The ingredient, known as stanol ester, is a plant-based by-product of wood pulping and vegetable oil extraction. Raisio says the construction of new stanol ester production plants and agreements with outside suppliers have overcome supply problems.

"We are not going to make the same mistake again," said Sten von Hellens, a Raisio official.

Benecol's potential was underscored last year when Johnson & Johnson of the US agreed to market it worldwide. Mr von Hellens said finding a large partner was a pre-condition for Benecol's international launch, due in the autumn in the US. "We saw clearly that in markets where we were not present we needed a partner. As a small Finnish company it would have been almost impossible to enter the US market alone," he said.

Besides margarine, J&J is expected to introduce other products containing stanol ester. Because the substance is fat-soluble, it can be used in any product containing fat, such as salad dressings, cooking oil, and indeed yoghurt.

As far as biotechnology and pharmaceuticals companies are concerned, the potential outweighs the risks.

Switzerland's Novartis, the world's biggest pharmaceuticals company, is investing heavily in nutriceuticals. It is trialling a diet to alleviate osteoporosis, the brittle bone disease most usually found in older women. The diet is based not on calcium but on amino acids, the building blocks of proteins. Another trial is aimed a helping children with allergies.

But, says Paul Herrling, head of research at Novartis: "Food and cosmetics companies are staying away because they fear medical regulation. There has been no clinical trial of whether children who eat cornflakes do better than those who do not."

So does the yoghurt work? A 29-person clinical trial at the University of Ulster cited by Scotia found that it reduced calorie intake by 16 per cent in a subsequent meal.

And in the two-person trial at the Financial Times, neither the science editor nor the pharmaceuticals correspondent made their customary teatime raid on the chocolate machine.

RESULTS

	Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
ITG Φ ‡ ... 6 mths to Oct 31	3.4	(2.35)	0.126	(0.027)	1.8	(0.4)	-	-	-	-	-
Kalamazoo Computer . 6 mths to Sept 30	33.8	(35.2)	0.514L♥	(2.34)	1.04L†	(3.72)	nil	-	1.2	-	4.25
Ovoca Resources ‡ ... 6 mths to Aug 31	-	(-)	0.033L	(0.019L)	0.16L	(0.09L)	-	-	-	-	-

Investment Trusts	NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Enic ... 6 mths to Sept 30	112.97♦	(35.88♦)	0.023	(0.201)	0.04†	(0.48)	nil	-	nil	-	nil
Invesco Tokyo ... 6 mths to Nov 30	33.1	(48.9)	0.003L	(0.004L)	-	(-)	-	-	-	-	-

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♦After exceptional charge. ♥After exceptional credit. †On increased capital. ♦Diluted. ΦAim stock. ‡Irish currency.

FT/S&P ACTUARIES WORLD INDICES QUARTERLY VALUATION

The market capitalisation of the national and regional markets of the FT/S&P Actuaries World Indices as at DECEMBER 31, 1997 are expressed below in millions of US dollars and as a percentage of the World Index. Similar figures are provided for the preceding quarter. The percentage change for each US dollar index value since the end of the calendar year is also provided.

NATIONAL AND REGIONAL MARKETS (number of lines of stock)	Market cap. as at 31/12/97 (US$m)	% of World Index	Market cap. as at 30/09/97 (US$m)	% of World Index	% chge in $ index since 31/12/96
Australia (74)	193440.0	1.24	219290.7	1.36	-9.82
Austria (23)	22038.3	0.14	23881.0	0.15	-0.45
Belgium (26)	106864.3	0.69	110567.3	0.69	11.76
Brazil (30)	88236.4	0.57	104518.2	0.65	25.71
Canada (122)	374436.1	2.40	398578.7	2.48	11.88
Denmark (32)	60275.2	0.39	56286.6	0.35	27.12
Finland (26)	50671.9	0.33	59946.3	0.37	13.39
France (83)	513862.7	3.30	505701.0	3.15	11.79
Germany (58)	607379.3	3.90	614291.7	3.82	20.76
Hong Kong, China (66)	235729.2	1.51	339789.9	2.11	-29.59
Indonesia (27)	9771.5	0.06	13071.2	0.08	-71.04
Ireland (16)	33261.8	0.21	32148.2	0.20	22.10
Italy (53)	252959.6	1.62	240645.6	1.50	40.92
Japan (481)	1812145.0	11.63	2284475.9	14.22	-26.17
Malaysia (107)	43206.2	0.28	77542.3	0.48	-72.75
Mexico (26)	85098.3	0.55	88880.8	0.55	47.81
Netherlands (19)	364190.1	2.34	367900.0	2.29	21.93
New Zealand (14)	19675.4	0.13	23615.2	0.15	-16.73
Norway (38)	35085.4	0.23	41170.3	0.26	8.07
Philippines (22)	6675.5	0.04	7849.4	0.05	-61.04
Singapore (42)	36744.7	0.24	49707.4	0.31	-46.37
South Africa (43)	95413.6	0.61	118215.0	0.74	-16.66
Spain (33)	179312.7	1.15	181293.1	1.13	23.66
Sweden (49)	207985.2	1.33	234104.6	1.46	11.29
Switzerland (31)	481601.2	3.09	448612.7	2.79	42.86
Thailand (39)	2730.3	0.02	6164.7	0.04	-79.85
United Kingdom (212)	1661968.5	10.66	1667704.6	10.38	17.16
USA (640)	8003025.4	51.35	7754809.1	48.25	31.32
Americas (818)	8550794.1	54.87	8346786.9	51.94	30.40
Europe (701)	4577456.2	29.37	4584253.1	28.53	20.63
Nordic (147)	354017.7	2.27	391507.8	2.44	13.64
Pacific Basin (872)	2360117.6	15.14	3021506.6	18.80	-28.77
Euro-Pacific (1573)	6937574.0	44.52	7605759.7	47.33	-3.28
North America (762)	8377461.5	53.76	8153387.8	50.73	30.34
Europe Ex. UK (489)	2915487.7	18.71	2916548.5	18.15	22.69
Pacific Ex. Japan (391)	547972.8	3.52	737030.7	4.59	-36.43
World Ex. US (1794)	7580796.4	48.65	8315952.4	51.75	-1.24
World Ex. UK (2222)	13921813.2	89.34	14403057.0	89.62	12.75
World Ex. Japan (1953)	13771636.7	88.37	13786285.7	85.78	21.73
The World Index (2434)	15583781.7	100.00	16070761.6	100.00	13.23

Thyssen, Krupp clear obstacle to merger

By Peter Norman in Bonn

The main barrier to the planned merger of the Thyssen and Krupp engineering groups was removed yesterday with an understanding that the chief executive's role should be shared between Gerhard Cromme, chief executive of Krupp Hoesch, and Ekkehard Schulz, head of Thyssen Krupp Stahl, the two groups' joint flat steelmaking subsidiary.

Thyssen and Krupp announced that the two managers had been charged with working out a "joint industrial concept" for the merged group, to be approved by the supervisory board of Thyssen on January 22 and by that of Krupp on February 5.

If the boards back the plan, Mr Cromme and Mr Schulz will be asked to finalise details for approval by shareholders' extraordinary meetings, possibly in the autumn.

The decision to share the chief executive's role marks the end of a bitter power struggle between Mr Cromme and Dieter Vogel, Thyssen chief executive.

The announcement, issued after regular stock-exchange hours, said Mr Vogel had decided he was no longer a candidate for the top job. He will continue as Thyssen chief executive until the shareholder's meeting.

Mr Schulz was the surprise beneficiary of the tussle.

He was head of Thyssen's steelmaking subsidiary until late last year, when he took over as chief executive of the newly created Thyssen Krupp Stahl, a joint venture in which Thyssen holds a 60 per cent stake and Krupp 40 per cent.

The intense rivalry between Mr Vogel and Mr Cromme was mainly responsible for holding up negotiations between the two Ruhr-based companies on the details of the merger, which was announced on November 4.

The agreement would create a heavy-industry concern with sales of more than DM60bn ($33bn) a year and about 190,000 employees.

Mr Vogel fought especially hard for the top job, deploying J.P. Morgan, the investment bank, and public relations specialists to boost his candidacy.

However, his candidature came under a cloud after Berlin public prosecutors announced charges against him for allegedly mishandling funds in connection with the group's takeover some years ago of an eastern German trading company.

Mr Cromme kept out of the limelight, confident of the support of Bertholdt Beitz, the 84-year-old chairman of the Krupp foundation, which holds 51 per cent of Krupp's capital and which is destined to be the merged group's biggest shareholder.

Managers close to the merger admitted that having two chief executives would be less than ideal but necessary to break the deadlock.

The solution is not unprecedented in German business. It was successfully used at the top of Deutsche Bank in the 1970s and 1980s.

Danish fund complains over Ameritech buy

By Hilary Barnes in Copenhagen

A Danish pension fund has complained to the Copenhagen Stock Exchange over the treatment of minority shareholders during the acquisition by Ameritech, the US telecommunications group, of a controlling stake in Tele Danmark.

PKA said yesterday it was calling for the exchange to force Ameritech to make an offer to minority shareholders.

Ameritech paid the state DKr21.1bn ($3.1bn) – or DKr470 a share – for 34.4 per cent of Tele Danmark, the national telecoms operator, in October.

The market price of B-shares prior to the deal was about DKr360.

At the same time, Tele Danmark bought back a block of shares from the state, effectively giving Ameritech control of 42 per cent of the capital.

The state netted DKr29bn from the sale. Danish institutional investors have complained that Ameritech should have been forced to make an offer for all the outstanding shares on the same terms as it offered the state.

However, under legislation introduced a year ago, a company is not obliged to make an offer to minority shareholders unless it obtains more than 50 per cent of the voting capital. Before the new rule, an offer had to be made when a company obtained effective control.

Lars Johansen, president of the Copenhagen Stock Exchange, has called for a return to former legislation. *Marianne Jelved, the minister* for the economy, has said the government would reconsider the rules in the light of the Ameritech case.

However, Mogen Lykketoft, minister of finance, has defended the legality of the sale. He also pointed out that no shareholders had lost out because of the deal, as Tele Danmark's share price had risen since the sale was announced.

PKA said yesterday that the sale to Ameritech "circumvents the intention" of the 50 per cent rule. "Unless there is a clarification of the legal position, PKA's role as a minority investor in shares in Danish companies will be untenable," it said.

Wings fall off a Hong Kong high-flyer

Weak management has left Peregrine facing possible collapse

Like Icarus, Peregrine was overly ambitious, flew too high and got badly burned. The aggressive pan-Asian investment bank, which grew to have shareholders funds of $900m, is today not even allowed to buy $100 worth of shares.

Following yesterday's termination of restructuring discussions with Zurich Group of Switzerland, the Hong Kong bank must quickly find a new partner. Failure to do so is likely to lead to collapse.

The demise of Peregrine, which fed off the growth of corporate Hong Kong and China, would send shockwaves far beyond the bank itself.

Nemesis came in the form of weak management and risk controls. The group was left with an exposure of $170m, or one-fifth of its capital base, to a small Indonesian cab company. Zurich Group, which was to have been its saviour with a $200m cash-for-shares injection, walked away from the deal at the last minute.

Peregrine has been left to find other investors or, with credit lines likely to be pulled, face insolvency.

"Up until six months ago they could do no wrong," says one industry veteran. "*Every other red-chip deal* was falling into their lap; their share price was HK$19. If the stock was trading today it would be $2.50 or $3 – it's staggering how quickly this has happened."

Founded in 1988 by Philip Tose, *formerly* chief executive of Citicorp Scrimgeour Vickers, and Francis Leung, a corporate financier, Peregrine had all the credentials. It was backed by such luminaries of the Hong Kong corporate scene as Li Ka-shing and Citic Pacific, Beijing's main investment agency.

It grew rapidly on the back of a strong equity business. Big deals – from placements by China-backed companies to Mr Li's restructuring of his corporate empire and mooted takeover of Hongkong Electric – invariably carried the Peregrine name.

Peregrine's fixed-income *team is headed by Andre* Lee. Mr Lee, former Peregrine employees say, was given autonomy far beyond his experience. "Mr Tose thought he [Mr Lee] could walk on water," says one.

Today, Peregrine's options look bleak. The Securities and Futures Commission, the industry regulator, has slapped restrictions on the group: Peregrine can sell, but not buy, shares and may close options contracts on the Futures Exchange, but not enter new ones.

Analysts reckon the erstwhile wunderkind could be *forced to declare insolvency.* "They would be looking for white knights coming in at very short notice, but I'm not sure that's necessarily easy to achieve," says one.

"Why would they not have done that earlier when the group was in a sounder position, rather than now when the overall credibility of the firm is far weaker?"

The original backers, such as Mr Li, now own relatively modest holdings in the private *Peregrine vehicle,* which in turn owns 26.6 per cent of the listed company, and are not seen as white knights – particularly when the regional meltdown has taken the lustre off financial services as an investment.

Foreign banks are also considered unlikely to come to the rescue. US bankers speak primly *about "culture and management* control issues", suggesting the more likely outcome will be grabbing corporate deals and cherry-picking staff.

Outright insolvency would make Peregrine Hong Kong's first big casualty of the Asian crisis, leaving the regulators with a huge damage limitation exercise.

"This is unprecedented," says one investment banking chief. "How will Hong Kong handle this? In the past, small brokerages have gone bust, and the compensation fund was able to deal with it. *We had a banking crisis,* but that was handled by the [then] banking commission.

"You don't have, as you had in the Barings collapse, a Bank of England trying to orchestrate things. Peregrine is bigger than many banks but it is not a bank and cannot be compared to any brokerage house other than really big ones."

Trading in the shares, suspended at the company's request on Wednesday after *the share price plunged* 14 per cent, will not resume until Peregrine makes an announcement about its next moves. The Hong Kong stock exchange has suspended membership of the brokerage arm.

The SFC said last night that "in all the circumstances the SFC concluded that a restriction notice was necessary and appropriate to *protect the investing public*". The Futures Exchange added that it acted "in view of the uncertainty of Peregrine's financial position".

It is many years since the regulators were drawn out in such force and it calls to mind the territory's darker days of crumbling small brokerages and queues of depositors seeking to withdraw deposits outside banks.

But, while the impact will have reverberations around the territory, few competitors expect to see much fallout. "We will be seen as less Wild West now," says one banker dryly. Another *notes:* "I can't think of any other company run like that and people know it. You could not find a more aggressive investment bank."

Nonetheless, Peregrine's fall from grace is unlikely to be eliminated from the collective memory for a long time. "It should be a case-study in modern management. This was the largest independent investment bank in Asia six months ago," he says.

Louise Lucas

See Lex

Philip Tose: wunderkind badly burned by over-ambition

Top-tier resignation at Commerzbank

By Samer Iskandar

The head of global fixed income at Commerzbank, Germany's third largest bank, has resigned, colleagues said yesterday.

Jurgen Karcher, one of the bank's 12 senior vice-presidents, is said to have "resigned and left the bank quickly" late Thursday.

Executives at Commerzbank in London said they had been told Mr Karcher had left owing to "differences with the board". Officials at the bank's headquarters in Frankfurt could not be reached yesterday.

Mr Karcher will be replaced by Régis Fraisse, who was his deputy. Mr Fraisse was co-founder and co-head of Commerzbank's financial products division, which was merged with the global bonds business in the final quarter of 1997.

Bankers familiar with the deal said merging the two departments had "created some tension". They added that the bank had confirmed that its strategy for the global fixed-income division was unaffected.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	THURSDAY JANUARY 8 1998: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY JANUARY 7 1998: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (74)	198.23	-0.3	181.83	168.19	187.22	207.09	0.2	3.67	198.87	181.47	166.02	188.76	206.74	243.87	190.41	216.96
Austria (23)	191.84	0.1	175.97	160.84	181.18	181.04	-0.4	1.83	191.67	174.90	160.01	181.92	181.78	213.59	175.14	186.13
Belgium (26)	257.44	-1.2	236.14	215.83	243.13	237.88	-1.7	2.90	260.54	237.75	217.50	247.29	241.99	263.33	225.41	225.41
Brazil (30)	223.25	-2.3	204.78	187.16	210.84	459.34	-2.2	1.80	228.41	208.43	190.68	216.80	469.68	322.44	184.94	200.19
Canada (122)	206.79	-1.5	189.69	173.37	195.30	214.48	-1.5	1.85	210.00	191.63	175.31	199.32	217.94	233.66	178.27	192.53
Denmark (32)	457.25	-0.2	419.42	383.34	431.84	430.09	-0.8	1.19	458.34	418.25	382.64	435.04	433.43	464.94	348.27	353.93
Finland (28)	287.88	-0.7	264.06	241.35	271.88	332.38	-1.2	1.99	289.99	264.62	242.09	275.25	336.41	349.43	243.25	252.16
France (83)	233.01	-1.3	213.73	195.35	220.06	222.27	-1.6	2.40	236.12	215.46	197.12	224.11	226.29	246.23	209.81	211.93
Germany (58)	232.36	-0.4	213.15	194.82	219.46	219.46	-0.9	1.34	233.35	212.94	194.81	221.48	221.48	243.87	184.23	187.74
Hong Kong, China (69)	304.84	-3.9	279.62	255.57	287.89	303.11	-3.7	5.27	317.03	289.30	264.67	300.91	314.86	580.03	304.84	507.42
Indonesia (27)	29.44	-34.4	27.01	24.68	27.81	182.43	-16.7	3.69	44.90	40.97	37.49	42.62	218.99	254.90	29.44	241.50
Ireland (16)	410.52	-1.0	376.56	344.17	387.71	423.31	-0.9	2.34	414.74	378.48	346.24	393.65	427.36	414.74	316.20	330.42
Italy (53)	123.01	-0.9	112.84	103.13	116.18	164.07	-1.2	1.49	124.08	113.23	103.59	117.77	166.12	124.08	83.01	83.65
Japan (481)	92.40	-0.6	84.76	77.47	87.27	77.47	-0.2	1.03	92.94	84.81	77.59	88.22	77.59	141.12	91.17	125.96
Malaysia (107)	119.97	-7.3	110.05	100.58	113.31	216.47	-3.5	3.35	129.37	118.05	108.00	122.79	224.21	660.85	119.97	614.19
Mexico (26)	1663.74	-2.4	1526.10	1394.83	1571.28	14893.37	-2.2	1.66	1705.32	1556.16	1423.95	1618.62	15024.25	1901.98	1305.70	1309.16
Netherlands (19)	406.88	-0.2	373.22	341.12	384.27	380.16	-0.7	2.21	407.79	372.12	340.44	387.06	382.96	440.67	326.45	331.13
New Zealand (14)	74.73	-1.5	68.55	62.65	70.56	69.88	-1.0	4.42	75.88	69.24	63.34	72.02	70.61	96.47	73.21	93.99
Norway (38)	307.86	-1.2	282.40	258.10	290.75	312.29	-1.8	1.94	311.56	284.31	260.10	295.72	317.54	374.84	292.28	303.86
Philippines (22)	62.91	-4.2	57.70	52.74	59.41	140.84	-5.1	1.49	65.65	59.91	54.81	62.31	148.37	214.07	62.91	206.52
Singapore (42)	171.48	-11.9	157.29	143.76	161.95	140.78	-9.8	2.28	194.64	177.61	162.49	184.74	156.02	448.01	171.48	427.88
South Africa (43)	252.69	-0.7	231.79	211.85	238.65	273.03	-0.4	3.09	254.48	232.22	212.44	241.54	274.10	370.12	251.92	318.06
Spain (33)	277.76	-0.4	254.79	232.87	262.33	323.90	-0.9	2.15	278.86	254.47	232.80	264.68	326.74	281.72	205.12	220.84
Sweden (49)	470.13	-0.2	431.24	394.15	444.01	558.57	-0.6	1.86	471.23	430.01	393.40	447.27	561.86	538.94	405.00	424.68
Switzerland (31)	340.89	-0.6	312.69	285.79	321.94	310.77	-1.1	1.08	342.82	312.83	286.19	325.39	314.13	343.44	231.69	236.55
Thailand (39)	15.97	-6.4	14.65	13.39	15.08	33.15	-5.5	8.70	17.06	15.56	14.24	16.19	35.08	103.96	15.97	102.02
United Kingdom (212)	332.18	-0.3	304.70	278.49	313.72	304.70	0.2	3.23	333.08	303.95	278.07	316.15	303.95	337.99	271.72	277.97
USA (640)	390.22	-0.8	357.94	327.15	368.54	390.22	-0.8	1.60	393.28	358.88	328.32	373.28	393.28	401.22	299.79	304.93
Americas (818)	353.97	-0.8	324.69	296.76	334.30	298.79	-0.8	1.61	358.87	325.75	298.01	338.82	301.32	385.75	274.59	279.33
Europe (701)	299.96	-0.5	265.97	243.10	273.85	278.42	-0.6	2.30	291.44	265.95	243.30	276.62	280.14	298.25	236.09	237.10
Nordic (147)	414.68	-0.4	380.37	347.65	391.63	428.76	-0.6	1.75	416.33	379.92	347.57	395.17	432.26	464.93	355.77	367.02
Pacific Basin (872)	100.54	-1.2	92.22	84.29	94.95	85.64	-0.7	1.72	101.81	92.90	84.99	96.63	86.26	158.99	100.54	146.10
Euro-Pacific (1573)	179.53	-0.8	164.68	150.51	169.55	158.19	-0.7	2.11	180.88	165.06	151.01	171.69	159.23	209.12	173.55	183.98
North America (762)	378.50	-0.8	347.18	317.32	357.46	378.37	-0.8	1.61	381.59	348.21	318.56	362.19	381.47	389.57	292.34	298.21
Europe Ex. UK (489)	260.70	-0.6	239.13	218.56	246.21	257.15	-1.1	1.77	262.38	239.43	219.04	249.04	260.02	267.07	210.37	210.37
Pacific Ex. Japan (391)	176.86	-3.6	162.23	148.26	167.03	184.90	-2.7	4.26	183.40	167.36	153.11	174.07	190.01	320.65	176.86	316.27
World Ex. US (1794)	183.07	-0.8	167.92	153.48	172.88	164.41	-0.7	2.10	184.58	168.44	154.10	175.20	165.61	212.89	176.94	186.57
World Ex. UK (2222)	242.05	-0.9	222.03	202.93	228.60	222.10	-0.9	1.68	244.16	222.80	203.83	231.74	224.06	262.89	211.16	218.83
World Ex. Japan (1953)	328.28	-0.8	301.13	275.22	310.04	324.59	-0.8	1.95	331.02	302.07	276.35	314.19	327.30	344.35	271.90	274.61
The World Index (2434)	248.68	-0.8	229.02	209.32	235.80	229.52	-0.8	1.84	251.69	229.67	210.12	238.89	231.26	258.47	216.61	223.87

CONSTITUENT CHANGE WITH EFFECT 12/Vlbl: Deletion: Barrett Banks (USA). Latest prices were unavailable for this edition.

FTSE GOLD MINES INDEX

	Jan 8	% chg on day	Jan 7	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (34)	952.15	-3.5	986.49	1674.61	2.85	–	1967.49	903.02
■ Regional Indices								
Africa (15)	1005.50	+1.0	995.43	1960.31	8.87	18.06	2333.56	921.78
Australasia (7)	1126.12	+3.3	1089.62	2008.85	2.91	15.51	2124.22	933.63
North America (12)	920.47	-6.1	980.65	1551.20	1.40	34.23	1780.66	894.94

COMPANIES FT MARKETS

Weekend January 10/January 11 1998

UK food distributor suffers fresh blow

Booker shares tumble after profits warning

By David Blackwell

The reputation of the bosses at Booker took a fresh knock yesterday after they warned of "a disappointing end to the year" at Britain's biggest cash-and-carry group.

Shares in Booker tumbled 66½p to 272½p after Charles Bowen, chief executive, said pre-tax profits before exceptionals for the year to December 27 would be "somewhat below £80m" – £15m lower than City forecasts.

"The company now has a large credibility problem to overcome at senior management level," one institutional investor said.

Some analysts – including SBC Warburg which put out a buy note on the stock this week – were last night sticking to forecasts of about £120m this year.

But one observer attacked the management for consistently failing to deliver its promise, while another suggested they had a lot to learn about news management.

Mr Bowen laid the blame at the door of last year's increase in tobacco duty.

This was announced in July but not implemented until December 1.

The independent retailers had stocked up on cigarettes from Booker before the rise at the expense of sales of other goods with higher margins.

Since Christmas tobacco sales had fallen, while other sales had started to recover.

"I see nothing to make us want to change our belief that our strategy will deliver the profit increases that the market is expecting in the next two years," said Mr Bowen.

As a sign of confidence, the board expected to maintain the final dividend at 15.7p.

Shares in Booker fell sharply in September when the group reported a fall in interim profits. It said then that its salmon farming business had been hit by Norwegian dumping and sterling's strength.

This time last year the shares were hit by a warning that the integration of Nurdin & Peacock, a cash-and-carry business bought for £264m in 1996 when Booker shares were at 383p, would cost more and take longer than first estimated.

Mr Bowen said yesterday the integration of Nurdin & Peacock and the subsequent reorganisation of distribution across its cash-and-carry operations had gone well.

But Holroyd Meek, its food service business, had had a good year end, while the salmon farms had performed well at the operational level.

See Lex

Volvo close to deal with Chinese truck producer

By Tim Burt in Stockholm

Volvo, the Swedish automotive group, is planning to build up to 20,000 heavy trucks a year in China as part of a SKr3bn ($374m) joint venture with the country's largest truck producer.

The project, in partnership with China National Heavy Truck Corporation (CNHTC), would make Volvo the first international vehicle manufacturer to establish a production base for large trucks in China.

Leif Johansson, Volvo chief executive, yesterday met senior government officials in Beijing to discuss the plan.

Under the joint venture, which is expected to be signed later this year, the two companies would together invest SKr3bn over five years to upgrade CNHTC's existing truck plant in Jinan City, in Shangdong province. Mr Johansson said the proposal could open the way for a concerted production drive by Volvo in China. Speaking from Beijing, he added: "We are seeking other opportunities for bus manufacturing, construction equipment and industrial engines."

Mr Johansson hinted that Volvo also wanted to establish a presence in China for its passenger vehicle division – its largest – although it would export cars from existing plants rather than manufacture there.

The company, which already has a bus manufacturing joint venture in Xian, said production of heavy trucks could start in 1999 if a deal is signed this year.

In addition to new trucks, Volvo plans to supply components for CNHTC's existing vehicles range. Production of such vehicles at the Jinan plant reached 14,000 last year. Volvo, by comparison, sold about 4,000 trucks across Asia in 1997.

Mr Johansson said the joint venture partners would seek to export trucks from China to other parts of Asia if the plant proved competitive.

The move marks an attempt to exploit growing demand for heavy trucks in the region, which is expanding by up to 4 per cent a year.

Volvo's chief executive said the recent economic turmoil in Asia had made the company more careful in selecting investment opportunities, although he predicted that underlying economic growth would underpin growth in commercial vehicles.

The Swedish company already manufactures trucks in Pakistan and is due to open another truck plant in India this year.

UBS plans tiered redundancy payments for staff

By Clay Harris, Banking Correspondent

Union Bank of Switzerland is planning a tiered system of redundancy payments which may pour salt into the wounds of staff who have found their 1997 bonuses under threat.

UBS is expected to bear the brunt of more than 3,000 investment banking job losses in London because of its planned merger with Swiss Bank Corporation.

In the package outlined to senior managers this week, UBS intends to give one week's pay per year of service between the ages of 18 and 21. The rate would rise to two weeks for each year between 22 and 40, and three weeks for each year between 41 and 60.

The plan is likely to hurt younger and less well-paid back-office and administrative staff. It may also lead to more claims for unfair dismissal by UBS staff who believe SBC counterparts have been given preference in the competition for jobs in the merged bank.

One City headhunter said: "UBS has found a way of discriminating in favour of those who are older and have more service but will find it harder to get other jobs."

UBS said its standard redundancy guidelines would serve as a benchmark, "allowing the bank to be flexible in meeting individual requirements as a result of the merger".

Managers this week had already been forced to address staff concerns that the 1997 bonus pool had been cut from what had been agreed. When the merger was announced last month, the bank had said the bonus pool was "secure".

But in one division, the amount available to most staff has been cut by two-thirds because so much had been committed to guaranteed bonuses for employees in new areas of business.

The pain is worse for London-based staff because the Swiss franc has fallen by 22 per cent against sterling since 1996 bonuses were paid.

THE LEX COLUMN

Unsteady, unsafe

Peregrine seems to have come a cropper as a result of a US$200m plus loan to an Indonesian taxi and bus firm ironically named Steady Safe. What on earth the high-flying Hong Kong-based investment bank thought it was doing making a loan equivalent to perhaps a quarter of its net assets is a mystery. But there is at least a whiff of Barings here. The loan seems to have originated in Peregrine's gung-ho bond division, hired lock, stock and barrel from Lehman Brothers four years ago. Peregrine's board was apparently so pleased with the profits the business generated that it did not ask too many questions and allowed the bond team to operate fairly autonomously. As with Barings, the post mortem will need to ask whether there were control failures and whether top executives knew enough about a business they were supposed to be managing.

Of course, the Steady Safe loan has proved so damaging only because of the mayhem in Asia's financial markets – particularly this week's Indonesian meltdown. Peregrine may well be technically solvent; but, in the current hothouse conditions, liquidity can dry up easily. Indeed, the investment bank's apparent failure to secure short-term bridging finance seems to have been the factor that caused Zurich Group to change its mind at the last minute about shoring Peregrine up with a cash injection.

Peregrine's future now looks dicey. Its equity arm, which has a strong franchise throughout Asia, still has value. But given that the authorities have severely restricted its operations, even that could quickly evaporate.

Company accounts

What price the bottom line? An international team of accountants has come up with proposals for a new "statement of financial performance" that would extend the profit and loss account. It would produce a number that tallies with the overall change in shareholders' funds, rather than just to the P&L reserve. This is born of an admirable trend that has hampered companies in their efforts to hide unpleasant numbers, but it takes too little account of users' needs and underestimates their ability to read the notes to the annual report.

The response to a P&L account that includes a new raft of volatile gains and losses is already clear from the reaction to the UK's 1992 FRS3 accounting standard, which brought all one-off items into the pre-tax profit figure. This has spawned a range of "normalised" earnings measures because trends need to be separated from genuine distortions, such as asset sales. While no one would criticise the move to clarity, the P&L's traditional value lies in its running commentary on income and costs.

The accountants behind this report too easily assume that users are fixated by earnings per share figures. The wide disparities in (even normalised) price/earnings ratios reflect the more sophisticated judgments at work: this includes spotting wheezes that flatter earnings figures and exposure to risks, such as currency swings. Serious investors obviously do not read the P&L in isolation from other performance figures, so why protect them from themselves?

EMI/Waterstone's

If successful, EMI's joint bid for W.H. Smith's Waterstone's bookchain should conclude EMI's demerger from Thorn. After putting its HMV music stores and Dillons bookstores into a "newco" owned jointly with venture capital house Advent and Tim Waterstone, the chain's founder, EMI would consist of a core music publishing business. Given music publishing accounts for more than 90 per cent of group operating profit, there is little justification for keeping the retailing businesses in EMI's portfolio.

Already under pressure from the demise of the net book agreement, UK booksellers are likely to feel further price pressures from low-cost internet businesses such as Amazon.com and well-capitalised US players such as Barnes & Noble and Borders. US-style "cultural megastores" – which offer more revenue streams through sales of compact discs, newspapers and light snacks – will force mid-size players to raise their game if they are to avoid being squeezed. A well-structured deal integrating Dillons and HMV with the innovative Waterstone's would make good sense.

After its share buyback last year, EMI's balance sheet would have suffered from buying Waterstone's outright for around £250m ($407m). By contributing only its assets to a newco, leaving Advent to pick up the tab, EMI avoids overstretching its balance sheet. But without further investment, the business's value on an eventual flotation may be significantly diminished.

Booker

Not much more than a year ago the foods group Booker appeared to have changed its spots. It had sold more than 20 businesses and refocused on areas where it had strong market positions. In particular, its £275m ($448m) acquisition of Nurdin & Peacock gave it a near 40 per cent share of the cash and carry market. The share price duly bobbed above £4. But Booker started 1997 with a warning about the time and cost of integrating N&P, and it tacked on a further reorganisation. Fears of a reversion to exasperating type sent the shares sliding for months. Yesterday it gave another warning about the cash and carry business's performance, blaming a rise in cigarette duty.

Once again the problem is supposed to be a one-off. The cash and carry rationalisation should still pay off – 1998 was always supposed to be the year when the benefits would flow. The difference now is that the management surely has only one more chance.

There certainly ought to be value to unlock in a group with sales of more than £4bn but an enterprise value only a quarter of that. The main worry is that the risk lies not just with the management, but the cash and carry market. It is already reckoned to be declining at 5-8 per cent a year, so whoever runs the group will have to push uphill. At 272½p, the shares are trading on a deservedly low prospective price/earnings multiple of 8-10 times and a net dividend yield of about 9 per cent which would not be maintained by a different management.

Companies in this issue

Markets Latest

FTSE 100:	5138.3	(-96.8)
Yield	3.16	
FTSE Eurotop 300	994.09	(-13.47)
FTSE All-Share	2421.15	(-1.5%)
Nikkei	14,995.10	(-24.08)
New York: lunchtime		
Dow Jones Ind Ave	7675.67	(-124.05)
S & P Composite	941.46	(-14.59)
LONDON MONEY		
3-mo Interbank	7.43%	(7½%)
Liffe long gilt fut:	Mar123¾	(Mr123⅝)
US LUNCHTIME RATES		
Federal Funds:	5.37%	
3-m Treas Bills: Yld	5.10%	
Long Bond	105 11/32	
Yield	5.735%	
NORTH SEA OIL (Argus)		
Brent Dated	$15.38	(15.42½)
GOLD		
New York Comex Jan	$278.5	(281.1)
London	$279.55	(279.85)

STERLING

New York lunchtime :		
$	1.614	
London:		
$	1.6149	(1.6163)
DM	2.9365	(2.9361)
FFr	9.8304	(9.8291)
SFr	2.3848	(2.3788)
Y	212.4	(214.37)
£ Index	103.8	(103.8)

DOLLAR

New York lunchtime :		
DM	1.8184	
FFr	6.0875	
SFr	1.476	
Y	131.51	
London:		
DM	1.8203	(1.8166)
FFr	6.0929	(6.0812)
SFr	1.4767	(1.4705)
Y	131.525	(132.63)
$ Index	109.9	(110.4)
Tokyo close Y 131.38		

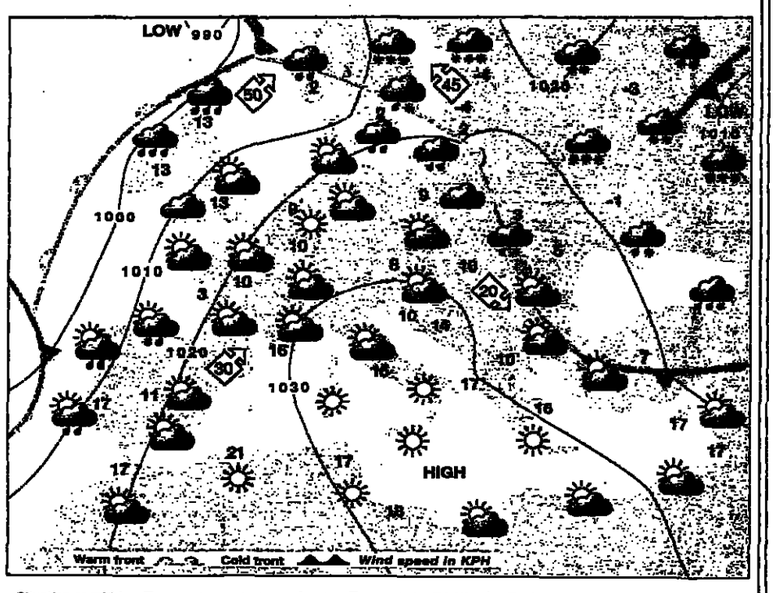
FT WEATHER GUIDE

Europe today

Scandinavia and north-eastern Europe will have some heavy snow but southern parts of Sweden and Norway and the Baltic States will become milder, with any snow turning to rain. Russia will stay cold and snowy but snow in other eastern areas may turn to rain before clearing eastwards. Central and western Europe, including Denmark, will be fine and mild once early fog has cleared. The west of Spain and Portugal may have showers by evening. The rest of the Mediterranean will be mostly sunny with light winds.

Five-day forecast

Scandinavia will have more rain but the far north will stay cold and wintry and colder weather will return to most areas later. Eastern Europe will have showers but central areas and much of the Mediterranean will stay fine with sunshine after early fog patches. The west, including the Iberian Peninsula, will become unsettled.



TODAY'S TEMPERATURES

Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

	Maximum/ Celcius/											
		Beijing	Fair 2	Cardiff	Cloudy 12	Frankfurt	Fair 8	Madrid	Fair 11	Rangoon	Fair 33
		Belfast	Rain 13	Casablanca	Fair 21	Geneva	Cloudy 8	Majorca	Fair 18	Reykjavik	Fair 5
Abu Dhabi	Cloudy 22	Belgrade	Fair 12	Chicago	Cloudy -5	Gibraltar	Cloudy 18	Malta	Fair 17	Rio	Thunder 27
Accra	Sun 33	Berlin	Shower 9	Cologne	Fair 9	Glasgow	Rain 14	Manchester	Fair 13	Rome	Fair 15
Algiers	Sun 21	Bermuda	Shower 24	Dakar	Sun 30	Hamburg	Fair 10	Manila	Fair 29	S. Frsco	Shower 12
Amsterdam	Fair 9	Bogota	Shower 20	Dallas	Fair 11	Helsinki	Snow -4	Melbourne	Shower 26	Seoul	Shower 5
Athens	Sun 16	Bombay	Fair 33	Delhi	Sun 20	Hong Kong	Fair 26	Mexico City	Fair 24	Singapore	Thunder 30
Atlanta	Fair 14	Brussels	Fair 10	Dubai	Cloudy 23	Honolulu	Shower 27	Miami	Fair 25	Stockholm	sleet 2
B. Aires	Fair 27	Budapest	Fair 12	Dublin	drizzle 13	Istanbul	Drizzl 9	Milan	fog 10	Strasbourg	Fair 7
B.ham	Cloudy 13	C.hagen	Rain 8	Dubrovnik	Sun 17	Jakarta	Thunder 32	Montreal	Snow 3	Sydney	Shower 25
Bangkok	Fair 34	Cairo	Fair 19	Edinburgh	Drizzl 14	Jersey	Cloudy 13	Moscow	Snow -3	Tangier	Fair 19
Barcelona	Fair 16	Caracas	Fair 30	Faro	Shower 18	Johannesburg	Shower 22	Munich	Fair 8	Tel Aviv	Fair 17
						Karachi	Fair 27	Nairobi	Thunder 24	Tokyo	Fair 9
						Kuwait	Sun 16	Naples	Sun 15	Toronto	Snow 2
						L. Angeles	Shower 18	Nassau	Thunder 25	Vancouver	Fair 1
						Las Palmas	Shower 24	New York	Fair 9	Venice	Sun 10
						Lima	Cloudy 31	Nice	Sun 17	Vienna	Fair 10
						Lisbon	Shower 17	Nicosia	Fair 17	Warsaw	Rain 9
						London	Fair 13	Oslo	Rain 2	Washington	Cloudy 12
						Lux.bourg	Fair 6	Paris	Fair 10	Wellington	Cloudy 16
						Lyon	Fair 14	Perth	Sun 35	Winnipeg	Fair -22
						Madeira	Shower 19	Prague	Cloudy 7	Zurich	Fair 6

FT WEEKEND
JANUARY 10 / JANUARY 11 1998

Troubled waters

'Cages crammed with meaty salmon, unable to escape, are the stuff of parasites' dreams.'

Pages IV

Nothing but the truth

'People say communism has failed, but we have not yet lived through the confrontation. It will come, though.'

Page III

Bonus bonanza

'So we won't be greedy here – let the MDs have their £5m, we will be happy to accept something like £1.5m.'

Page XII

Off to 'work' we go

The social contract has been rewritten – now welfare means work. **Nicholas Timmins** looks at the lessons of the US experience

In Prospect Park, Brooklyn, 500 acres of rolling parkland landscaped by the designers of New York's Central Park, a gang of welfare recipients is sweeping up leaves. In order to get their benefit cheque, the sweepers – black, white and brown – are working shifts on the city's work experience programme. This is workfare, American-style, the biggest single such programme anywhere in the world.

"It is," says Johnny Jones, a wizened 35-year-old going on 50, "an opportunity." He should know. An air-conditioning machinist, he was thrown out of work and on to welfare three years ago; New York is one of the few states that has a large relief programme for the unemployed as well as single parents. He was able to benefit at an early stage and spent six months sweeping leaves, cleaning off graffiti and picking up litter in return for a benefit cheque.

Jones worked hard. He was selected for a full-time job as a park attendant before being promoted to crew chief, a job which pays him around $30,000 a year for overseeing his own gang of "Weps", as those on the Work Experience Programme are disparagingly known.

"It's what you make of it," he says. "The first two weeks I was here sweeping leaves for my money, I didn't like it. I don't pretend I did. The third week I saw how opportunity could knock at my door, and I could try to make a change."

His gang of Weps – who typically do a 20-hour week – find Jones easy to work with. "He's been here; he's done this," one of them explains. "He's all right."

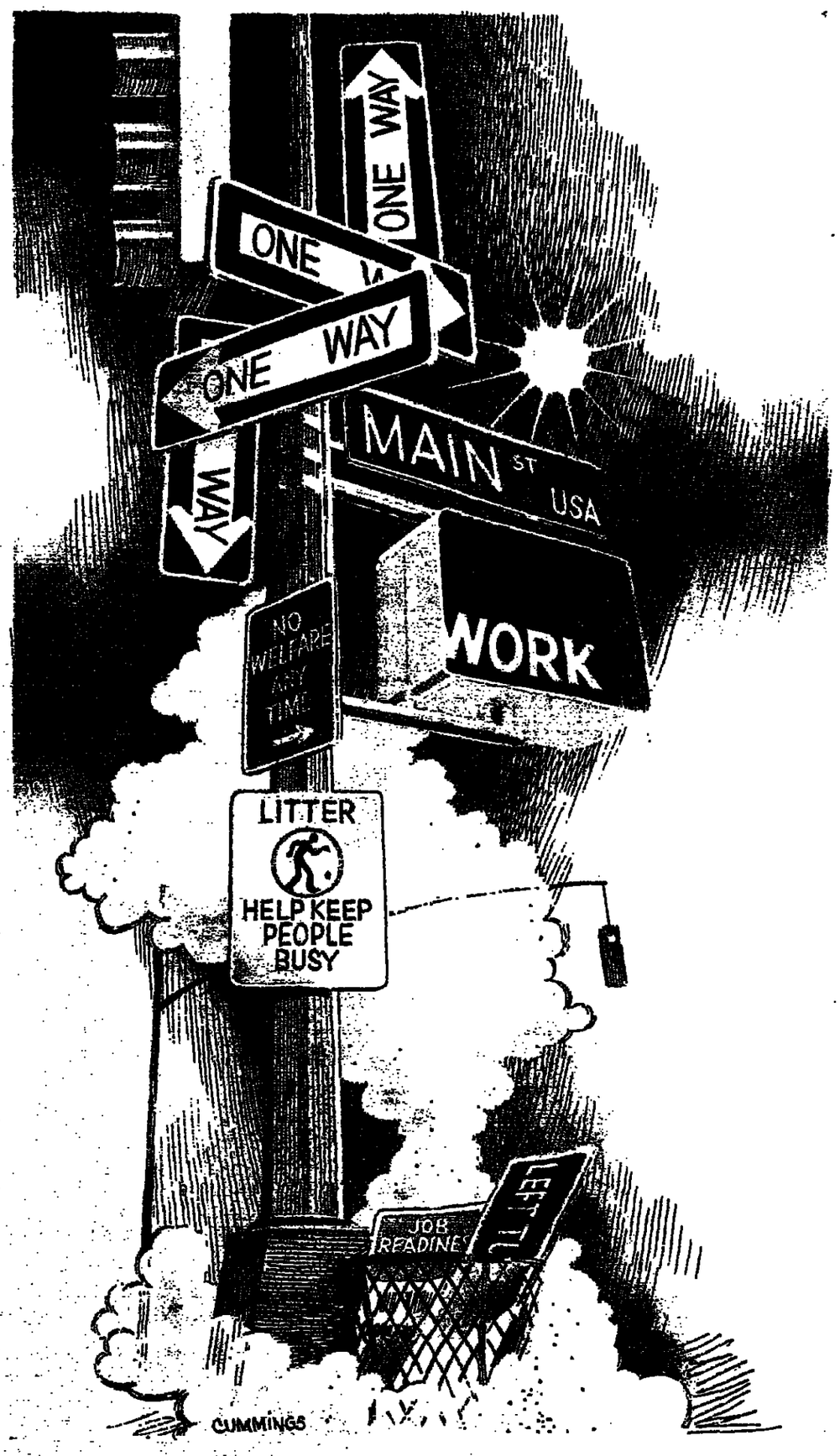
"People look at me," Jones says, "and say, if he can do it, maybe I can." He doesn't make the money that he used to as a skilled machinist. "But this worked out good for me. I can honestly say I enjoy what I do."

He is one of the success stories of New York's workfare. When Rudolph Giuliani became New York's Democratic mayor in 1994, there were 1.16m people on public assistance in a city of fewer than 8m people, and the number was rising.

In March 1995, Giuliani's welfare reform began; it stamped on fraud by insisting on the finger-printing of recipients and vigorously checking eligibility; a job readiness club was created with the support of local employers willing to take on welfare recipients; and mass workfare was introduced on a scale bigger than anyone had attempted before.

New York is not alone. Internationally, a trend is developing to make people work their way out of welfare, whether lone mothers, the unemployed or the disabled. Some countries are still talking about it. The US is way ahead and everyone is watching.

This week the UK's Labour government launched the pilot schemes for a "new deal" for 18-to-24-year-olds. The phrase consciously echoes Franklin D. Roosevelt's "New Deal" which helped pull the US out of the 1930s Depression. But it takes a very different approach from the mighty programme of public works which built dams, reforested hillsides and created – on a voluntary basis – 4m jobs while introducing the 1935 Social Security Act.



In the UK, the "new deal" merely pays employers a £60-a-week subsidy for six months to take young people off the dole. Where such jobs are not available, however, there will in effect be "workfare" – a compulsory six-month spell in a voluntary sector job or on a planned environmental task force (insulating houses, clearing wasteland, that sort of thing), where claimants will receive only their benefits and a £400 grant, which translates into £15 or so extra a week.

The policy comes complete with a variety of justifications: from an altruistic view that government has a duty to keep the unemployed in touch with the world of work, to a calculation that such programmes will lead to work and thus ultimately cuts in both the benefit bill and taxes. But, either way, it is a fundamental recasting of the contract under which the state accepts an obligation to look after those who fall on hard times.

In New York, Tony Coles, Mayor Giuliani's senior welfare adviser, says: "The basic principle here is that if you are going to ask for a benefit from the government, the government has a right – maybe an obligation – to ask for something in return. That's the fundamental underpinning of the social contract – for every right there is a responsibility."

Since the programme started a little under three years ago, the numbers on welfare have fallen by 30 per cent or 338,000, with a 32 per cent reduction in expenditure. The anti-fraud programme has accounted for some of that.

More than 105,000 people have reported back that they have private sector jobs, three times the number who did so in the previous four years. In all, almost 180,000 people have been put through a programme which has 34,000 people working for their benefit, some in city hall offices, but many in public sector cleaning jobs. The Big Apple has never been shinier.

It cannot all be the "new paradigm" economy of endless, inflation-free growth. New York is thriving. But while unemployment across the rest of the US is below 5 per cent, in New York it remains roughly where it was in 1994, about 9 per cent.

The programme has its critics. While much of the country has concentrated on reforming welfare by simply getting people "job ready", New York has taken the workfare route.

Tony Coles argues that the disciplines of workfare (turning up on time, taking orders, getting a job completed) are the very disciplines that the private sector needs in its workers. At the same time, he says, "the city gets done jobs that would not otherwise be done".

There have been plenty of transfers into unsubsidised private sector jobs to support the case that this prepares people for work. Macy's, along with Gap, American Airlines and other big and small corporate names are beneficiaries of the job clubs which the city makes compulsory for those who are between their six-month spells on workfare.

Ed Goldberg, vice-president of government affairs at Macy's, the retailer, says the business bit of the programme has been a revelation. "Rather than the city training people on cash registers, which might not be our cash registers," he says, "we said, 'You just get them ready to work, sharpen up their interview skills, get them so they have good communication skills, and we'll interview them'."

Over the past year, Macy's has taken about 80 staff from the welfare programme, of whom 71 are still employed by the store in retailing and stock-keeping. That is far better than the normal retail staff turnover of 25 per cent a year, Goldberg says. Those who have left, he maintains, have not been failures, merely choosing another area of work. "For whatever reason, these people got caught up in the morass of welfare. Now they not only have a good job and good pay, but they've also found a family and a place to belong to. It is giving us a more stable workforce." He continues: "We think highly of this programme. We are looking to expand it."

Coles uses identical words and is anxious that workfare should indeed translate into ever more private sector jobs. In Washington, President Clinton is lining up the great and the good from business to back his welfare-to-work drive, and in New York, Coles says he's determined big business should back words with actions and deliver real jobs for welfare recruits.

The unions would be happy to see that, too. Ed Ott, public policy director for the Central Labour Council, New York's arm of the AFL/CIO, says there is no going back to the welfare system of old. But the workfare part of the programme, he argues, is "a substitute for real jobs" – one that has only been made possible by a sharp decline in public sector employment.

New York's parks department, for example, had 4,000 employees back in 1991 when the Big Apple went bust. One thousand were sacked in a day, and natural attrition and early retirement as the city struggles to balance its budget has seen the workforce shrink to 2,300. The parks department alone, however, now uses 6,000 Weps – equivalent to the full-time workforce, given that the Weps work only part-time for their benefit.

"We can't prove this is displacement," Ott says, "because you can't point to anyone who's been laid off and directly replaced by a Wep." Displacement, however, he argues, it plainly is.

Back in Prospect Park, the Weps certainly see it that way. Coles says most welfare recipients leave the rolls before their first six-month spell on workfare is up. But

> Many are in public sector cleaning jobs. The Big Apple has never been shinier

Juanita Washington, 55, a lone mother with grown-up children, pauses from pushing leaves to say she's been in the programme "going on two years. It's not leading anywhere. They say it'll lead to jobs and it doesn't and it isn't fair. They need to give us jobs and pay us."

Edward Hicks, 35, a fit but unskilled high school graduate who has had the ill-luck to see every low-paid job he's ever held fold under him, puts it more strongly.

He works more energetically and harder than anyone else on the gang. But his anger burns through as he says "this is something like slavery, man" – a view echoed by almost 70 church-based and voluntary groups which, last July, beneath a banner proclaiming "Rudy, We Will Not Be Your Slave Drivers", announced a boycott of the workfare programme on precisely those grounds.

Since April, Hicks says, he's been forced to work 20 hours a week for his $68 in cash benefits a fortnight. "They should pay us more money for doing it and give us a job," he says. "I want a job, and this ain't fair."

Back in the mayor's office, it is seen as entirely fair. A responsibility to match the right to benefit. The programme costs significant sums in child care, transport, supervision and running expenses – a higher cost per case which can easily be afforded when both the rolls and the welfare bill are falling. But what happens when recession causes the numbers to rise again? Will New York's taxpayers still vote for the extra costs of workfare?

Coles believes they will. "This programme is good for the recipients and good for the city," he says. "It instils basic values and structure that one would want to have whether the economy is hot or cold. We will continue with our programme regardless of what happens to the economy."

The words are firm. But it is still recession which is likely to decide whether workfare, as opposed to job readiness training, becomes merely a passing fashion of the late 1990s, or a fundamental and permanent change in the individual's relation to the state.

Falling government revenues, rising unemployment, and workfare costing more per case will lead to far tougher questioning of whether these programmes really deliver what they appear to, and are genuinely value for money. When employers in the UK and US are no longer crying out for labour, will they be quite so fond of job creation programmes?

Contents and columnists

Joe Rogaly

Doomed Dome

'The experience would best be concerned with improving the lives of the wretched of the earth.'

Page III

NEXT WEEK

The Gene Genie

How humans will change and be changed in the future.

In Weekend FT

PERSPECTIVES

Minding Your Own Business

Beef, scrap, bust-ups and loads of brass

Christopher McCooey visits the Smith family, who are at the core of a recycling operation

Tom, Pauline and Peter Smith: 'A six yard skip tomorrow morning at seven? Yes, sir, we can do that. It'll be outside your house, ready,' says Peter

Christopher McCooey

"Computer? I can't drive one of those," says Peter Smith, one of the three siblings who run a scrap metal business from the family farm just outside Bloxham, near Banbury.

The statement is only half in jest. For all his working life, like the rest of the family, Peter, 53, has relied upon his word and his wits to do business – the only computer he uses is the one inside his head.

If any of the Smiths say they will do something, it will be done. "A six yard skip tomorrow morning at seven? Yes, sir, we can do that. It'll be outside your house, ready. How much did I say for the car? Thirty? Right, Pauline, give the gentleman £30 please."

Pauline is the second member of the triumvirate which owns the business. She is the eldest at 59, unmarried, lives in the house on the scrapyard site and keeps an eye on the matriarch of the family, Isabelle. Pauline does book work and office administration, and dispenses the cash.

The third Smith is Tom, 55, who is married and lives in a bungalow a short stroll from the yard on a four-acre council-approved caravan site that can take up to 54 caravans and mobile homes, each of which pays £32 a week. As well as playing his part in the metal business, Tom looks after the travellers who use the site, mediating over any problems that arise, typically relating to trespass and ownership of property. This is just fine by the local police, who have excellent relations with the family.

It was Isabelle's husband Tom who set up the business in 1927 in Banbury. He started as a car-breaker and by the time the second world war broke out he had 30 employees. With the end of hostilities, there was money to be made in surplus military equipment. Tom bought the farm where the scrap metal yard is now located in 1939 and most of the surrounding land in 1955, adding acreage as and when neighbouring land became available. It now totals 220 acres.

Beef cattle were raised on the fields and the two boys, Tom junior and Peter, began to learn from their father how to judge a good animal and its worth. Every Wednesday, the father took his sons to Banbury cattle market and they bought and sold, getting experience and confidence each time.

When the local primary school headmaster objected to the two Smith boys missing one day of school a week, the father put them into a private school with the proviso that they had Wednesdays off. The boys left school at 15. Tom, the father, died in 1976.

This practical education seems to have paid off. The Smiths now farm pedigree Limousin cattle; some of their Ironstone herd sell for £8,000 each. A second pedigree herd of Charolais is being built up.

As soon as they were strong enough, the boys learnt how to demolish a car. This was done in the early days with an axe. Peter and Tom could chop up seven vehicles each in an average day. Now the wrecks and failures from MOT road-worthiness tests are crushed into a cube in about three minutes. In an average week, about 50 cars are bought for scrap.

Twice every weekday 23 tonnes of these cubes – loose scrap metal, not only cars – are taken to a fragmentation plant in north London. Here the scrap is made into new steel and bars of aluminium, copper and brass. Most of the steel is for export.

The 38-tonne articulated lorry is driven by Peter Smith, 24, whose first trip begins at 5am to beat the traffic. He is not the only one to get up early – his father Peter rises every day at 4.30am. Peter senior and his wife, Kathleen, have eight children, all boys, and the eldest five work in the business. The others help around the yard at weekends and in (school) holidays; none of the three senior siblings has ever had a holiday away from home.

The crusher is the most expensive piece of equipment in the yard. The one used at present (and leased) is about to be replaced by a new model. Made by a German company, the Lefort 500 Mobile, will cost around £230,000 and should last for more than 10 years. The material handler, which picks up a car and dumps it in the crusher, costs £78,000 and the Electromagnet (which picks up iron) costs £65,000. The working life of both machines is five to seven years.

Much of the yard is a veritable graveyard for cars. Most days do-it-yourself mechanics arrive to remove bits. "They learn how to fit the piece to their own car by breaking one or two of mine," says Peter with a chuckle. "But it's a kind of public service we offer."

The only concession to high technology is an elderly fax machine in the cramped office. Every day the London Metal Exchange prices for all metals are taken from Teletext and, using this, the Smiths offer to buy and sell by working out their margin.

"You've got to have a feel for metal," says Peter. "A plumber might bring in a load of washing machines and stainless steel sinks. You have to work out the grade of the metal, how long it will take to separate and sort, what machines have to be used, how long it will take us to get it to the smelters and what price they will give us."

Smiths of Bloxham attracts business within a radius of 50 miles. Notes, tickets, forms are meticulously filled out – especially Controlled Waste Transfer Notes, which are needed to take car batteries (in a stainless steel skip which cost £2,000) to the recycling plant. Oxfordshire County Council employs Smiths to empty its recycling bins and sells the contents to them (a tonne of aluminium cans will raise about £450, a tonne of tin cans about £30).

So what do all these figures add up to? As for turnover and profit, says Peter, their accountants, Grant Thornton, "know about that – but I'd say we did about £2.1m last year". His reply is unfailingly polite but he is keen to get on and try to make a profit from the next customer.

■ *Smiths of Bloxham, Milton Road, Bloxham, Banbury, Oxon OX15 4HE; tel: 01295-720286, fax 01295-721062.*

The Nature of Things

Mixing the right soup for survival

In the beginning were genes, but cells may be the masters of evolution, says **Daniel Green**

Genes are the blueprint of life. Or perhaps not. Some US embryologists – scientists who study how a single fertilised egg develops – are proposing an alternative theory: that genes are like building regulations, and it is growing cells that are the cutting edge of evolution.

The idea has arisen out of some weird observations. A chimpanzee's genes are 99 per cent the same as human genes. Even one-third of yeast genes have counterparts in humans.

The curiosity is not how alike humans, chimpanzees and yeast must somehow be, but how different they actually are when they have so many genes in common.

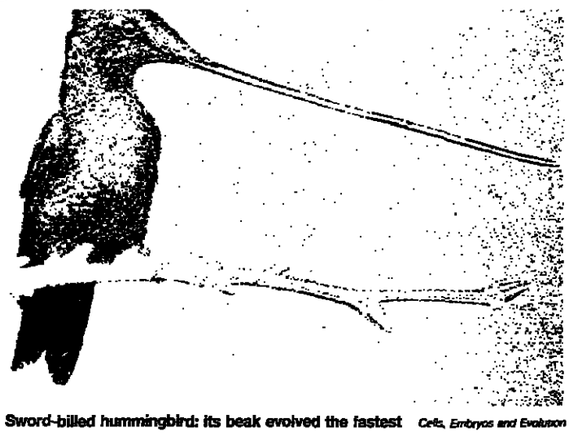
Another observation is that bacteria have evolved to live on just about any energy source. Some live in darkness, others in volcanic vents, and yet others on your teeth. Other living creatures are differently diverse. They give electric shocks, fly, or write symphonies, but their food is more or less the same.

The two are linked because eating is about the biochemistry of energy. Fruit flies, which have many genes in common with humans, are genetically and biochemically similar to people. There are even biotechnology companies studying fruit fly genetics to help understand human biochemistry.

What may have happened in prehistory is that bacteria came first and learned how to evolve biochemically. Two billion or so years later came other living creatures, which evolved through changing shape and behaviour.

John Gerhart of UC Berkeley and Marc Kirschner at Harvard Medical School have just published their summary of modern embryology*. It proposes that the vehicles for much of this second type of evolution are cells, and they are especially interested in one type called neural crest cells.

These are cells that, during embryo development, can turn into any of an enormous variety of more specialised ones. They include bones, bird beaks, human vocal cords, sense organs and blood vessels – many of the distinguishing features of species.



Sword-billed hummingbird: its beak evolved the fastest *Cells, Embryos and Evolution*

The job of neural crest cells is to explore. Blood vessels grow in patterns that are not determined by genes, and are often different in identical twins. Elk antlers, hummingbird beaks and elephants' trunks are all derived from neural crest cells.

These cells have been studied for decades, but as Gerhart and Kirschner surveyed embryologists' work, increasingly informed by discoveries in more basic science such as molecular biology, it seemed that evolution itself depended on such cells.

Is that enough to consider displacing genes from the centre of the evolutionary universe? No. But it does begin to suggest genes should share the centre stage with cells.

To see how the two work together, let us take another look at how genes work, in the light of molecular and cell biology.

Genes cause cells to make proteins such as insulin and haemoglobin. These proteins make the body work.

But genes do not make proteins all the time: they are switched on and off by what is happening around them. Insulin is made only when the conditions are right, perhaps when sugar is eaten. Every cell in your body has the same genes, but every gene has a set of switches which make sure, for example, that your skin cells do not start making insulin.

The switches work in response to the environment. But their environment is the cell. So genes and cells affect each other.

Take deer antlers. Genes create a biochemical soup in which cells grow. During the animal's development these cells "explore" new shapes. The size and shape of the antlers vary how the elk reacts to its environment: it may find it hard to eat leaves growing high, or easier to challenge rivals for the low-growing leaves.

Either way, the food the animal eats affect where and when genes get switched on – that is, they affect the biochemical soup.

If the combination of genes and cells works well, the animal is successful and the soup's recipe is passed on to the next generation.

What the embryologists are saying does not contradict traditional Darwinian evolution. Richard Dawkins, for example, has said the ability to evolve better is itself the result of evolution. Cells that evolve quickly would be one way of doing this.

This also implies there can be different kinds of evolution, as in bacteria and their biochemical diversity, and animals and their shape diversity. Gerhart and Kirschner tentatively suggest there can be psychological evolution, too.

Other scientists have suggested prehistoric man was what we would now describe as schizophrenic, given the evidence of remorse-free killings prompted by divine "voices", for example, described by Homer.

Even this does not exclude genes, whose functioning is affected by the outside world. Schizophrenia appears to be related to a protein in the brain called dopamine. This is, of course, made by a gene.

So genes tell cells what they can and cannot do. In return, cells call on the resources of genes to enable them to act. Perhaps the best analogy is that we are driving a car. The genes are the gears and engine while the cells are the bodywork and wheels. Lots of different car designs are possible.

* *Cells, Embryos and Evolution, by John Gerhart and Marc Kirschner. Blackwell Science 1997. $69.95.*

CROSSWORD

No. 9,577 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday January 21, marked Crossword 9,577 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 24.

Name.....

Address.....

ACROSS

1 Business indicates changing lights (7,7)
10 Indo-Chinese region sends gift of food back (5)
11 Pub closing decided by one's own meridian (5,4)
12 Lake-side agreements (see transport number) (7)
13 Publication by religious leader is backed: dentists can apply (7)
14 No cheese in the White Horse? (5)
16 Article included in small cask on draught – tankard of Scotch? (6-3)
19 Childish temper makes loved one turn to weapon (9)
20 I leave German city to eat (5)
22 Some junk emptied out of the tidy (7)
25 Anybody looked at Nelson, for example (3-4)
27 Third for a long time, having bone damaged with graze (6,3)
28 A payment for Coral Island (5)
29 River in China with railway in set (7-3,4)

DOWN

2 Telephone boat used by boxers (4,5)
3 Set me up in skin and bone (5)
4 Fraudulently obtained to telling effect (3-6)
5 Bones and bag for painter (5)
6 Current application of ancient force saving a thousand pounds, possibly (9)
7 Acquire gold and silver outside, inspiring respect (5)
8 General went south to female and male (7)
9 Herb found in sugar, licensed for cooking (6)
15 Love outside Los Angeles, menagerie in Michigan (9)
17 They happen when a bird gets a sign in Pennsylvania (9)
18 Call to marshal company doctor to complex structure (9)
19 Climb up frantically holding lead (7)
21 Conference of sardines? (6)
23 Russian whip sounds like nothing (5)
24 Draw what's left (5)
26 Nice old performance? (5)

Solution 9,576

Solution 9,566

WINNERS 9,566: P. Auckland, Sheffield; D.A. & S.L. Conway, Leeds; Ms J.I. Henry, Lisburn, Co. Antrim; B.M. Robertson, Redgrave, Norfolk; G.D. Stubbs, Petersfield, Hants.

BRIDGE

As the players begin to assemble for the biggest event of the year, the Macallan International Pairs Championship, the big-game tables at TGR bridge club fill up with world champions, and hopeful high-rollers.

To survive at £300 per 100, you have to avoid missing key plays at trick one.

N
♠ Q J 2
♥ A 6 3
♦ A 8
♣ Q 8 6 4 2

W
♠ 7 3
♥ K Q 8 5 2
♦ Q 10 7 6
♣ J 3

E
♠ A 4
♥ 9 7
♦ J 9 4 3 2
♣ A 10 9 5

S
♠ K 10 9 8 6 5
♥ J 10 4
♦ K 5
♣ K 7

North	East	South	West
1NT	NB	4S	

Despite the magnitude of the stakes, there is no underbidding in evidence, and South's jump to game over a weak NT was considered automatic. West led K♥ and declarer, recognising that the lead was a gift, grabbed it with dummy's A♥. He then led Q♠, East rose with A♠, and returned his remaining heart to West's Q♥. The heart ruff followed, and A♣ sealed South's fate.

Axx opposite J10x is a constantly fascinating combination, and usually requires cogitation before play. Here, declarer should assume that K♥ is from a sequence, unless West is the sort of character who regularly leads doubleton kings.

That accepted, the problem for declarer is to foresee the likely course of events. If hearts are 4-3, it does not matter what declarer does; if they are 5-2 or 6-1, it is vital that he makes the right decision because, if West holds no re-entry, the heart ruff is avoided.

If they are 6-1, he should win immediately with A♥. If the hearts are 5-2, which is considerably more likely than 6-1, then it is right to duck the opening lead. Here, the duck succeeds, because East holds both aces, and cannot put West on lead.

At that level and for those stakes, South should have got this right. For you, even though you doubtless play for slightly less jaw-dropping stakes, finding this play is just as important.

Paul Mendelson

CHESS

British chess emerged with great credit from last month's Fide knock-out world championship in Groningen where Michael Adams beat Nigel Short 4-3 in the semi-final then went down only 4-5 to the world no 3 Vishy Anand in the final.

The knock-out format with speed chess tiebreaks proved ideal for Short and Adams, who cut their tournament teeth on the competitive UK weekend circuit and also played in the Intel Grand Prix. By contrast, the American squad seemed overawed by the Russians whose own academic strategy from the Soviet pioneer palaces lacked resilience in the blitz games.

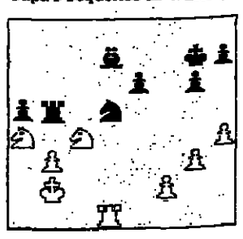
Adams was awarded £300,000 of the £3m prize fund, a sum which probably came directly from the Fide president Ilyumzhinov, ruler of the poor Kalmykian region of the Caucasus. Even GMs with misgivings could not refuse such a payday.

Adams's best win was a delicate lesson in how to exploit an inactive piece; while Black's dark-squared bishop has no targets, White's light-squared B finds a route into the defences and sets up a decisive attack with two rooks on the seventh (Adams v Tiviakov).

1 e4 c5 2 Nf3 d6 3 Bb5+ Nc6 4 0-0 Bd7 5 Re1 Nf6 6 c3 a6 7 Bf1 Bg4 8 d3 g6 9 Nbd2 Bg7 10 h3 Bxf3 11 Nxf3 0-0 12 d4 cxd4 13 cxd4 Rc8 14 Qb3 Rc7 15 Bf4 Nd7 16 Rad1 Qb8 17 h4 e5 18 dxe5 dxe5 19 Be3 Qe8 20 Qa3 Qe7 21 Qxe7 Nxe7 22 g3 h6 23 Rd6 Nc8 24 Rd2 Nf6 25 Rdd1 Nxe4 26 Bxh6 Bxh6 27 Rxe4 f6 28 Rc4 Re7 29 h5 gxh5 30 Nh4 Rh7 31 Bh3 Ne7 32 Be6+ Kh8 33 Rc7 f5 34 Rdd7 Bg5 35 Ng6+! Resigns.

No 1213

Jose Capablanca v Frederick Yates, New York 1924. Capa's sequence as White (to move) here is a classic example of knight play. How did he force the win of a key pawn and eventually the game?



Solution Back Page

Leonard Barden

PERSPECTIVES

Joe Rogaly

Celebrate the dome with a donation

We should write off third world debt and put some light back into the sound and light show

The "Millennium Experience" will be a nonsense even if it succeeds. The British government's plan to build a billion-dollar-plus theme park and call it an experience has little to do with the birth of Jesus Christ 2,000 years ago. It is not about faith, still less about good works. It is flawed from the foundations up.

Am I being fair? This week the impact of Christianity on western civilisation was officially declared central to the "experience".

It is, however, rather late to promote Christian belief as the essence of the scheme. In shadowy outline, we are witnessing the construction of yet another temple to house the court of Mammon, in the manner of Disney.

Religion looks likely to be confined to a "body, mind and spirit" zone of a sliced-up exhibition cake.

Non-Christian believers have begun to assert their rights, on *the grounds that we live in a* multi-faith society. Will a gargantuan Buddha smile down on a towering cross? Will the churches, synagogues, mosques be required to put in bids for exhibition space? Nothing would surprise us.

A *suitable* tribute to mark the 2,000th anniversary of Jesus would be a new cathedral dedicated to the spiritual life, a rival to the dome of St Paul's. It could cater for all branches of the Church whose founder's anniversary is to be celebrated. There could be room to spare for other Middle Eastern ways of worship. Alas, there is not enough time.

We must turn to good works. That is the way to recognise the significance of the Christian message that God became man, endured human suffering. All faiths express compassion. The "experience" would therefore best be concerned with improving the lives of the wretched of the earth.

If the energy devoted to the erection of a temporary business park was used to persuade the US, Japan and Germany to write off third-world debt something worthy of the occasion might be achieved.

What we may expect, however, is a bottom-line victory. It is a fair assumption that the promoters are competent. You can take it that Britain's state-generated light and sound show will be ready on the appointed day. Let us say it sells all the tickets it can print, grant that it is likely to win critical acclaim. So what?

Such a "triumph" would be as empty as a commercial smile and "have a nice day" are insincere. Even if the crowds pile in and *families* emerge dewy-eyed with excitement nothing more will have been achieved for visitors than a few hours' highly-subsidised entertainment.

Let me put this delicately. The government's makeover of a 1970s Hollywood flying saucer on wasteland by the Thames is a vainglorious act of self-delusion, *an insult to Disneyland, a symbol* of the tendency of New Labour to venerate ersatz glamour, a travesty of fiscal prudence, evidence that even the most auspicious administration can at times behave like a collection of grandees.

There is still time for them to swing the focus of the "experience" towards good works. Tony Blair's new ministry does not lack benevolent intentions. Gordon Brown has set out to promote debt relief for poor countries, with the millennium as the target date. Britain's chancellor of the exchequer is supported by Clare Short, the secretary for international development.

Shortly before Christmas, they met leaders of religions and charities in Downing Street. There will be more such discussions. A special pressure group, *the Jubilee 2000 Coalition, aims* to bring public opinion in 40 countries on side. The stated goal is a "one-off cancellation of the unpayable debts of the world's poorest countries by the year 2000".

Like all simple proposals, this screens out much complexity. Mr Brown, who is a supporter, has yet to persuade all the debt-relief crusaders that his protestations are sincere. Some believe that he is hiding behind the reluctance of other governments to reach a global agreement. Against that, I suspect most voters will want to hear the arguments of those, like the Japanese, who fear that cancelling old debts, however unrepayable, will set a bad precedent.

The coalition argues that much of the debt owed to national governments, the IMF and the World Bank has been *discounted, "remaining only as a* tool to exert continued influence and pressure over indebted countries". True, but the public in donor countries will want to be assured that further support, even to the poorest, is not mismanaged or misappropriated.

None of this is an easy sell. It is far more difficult to win political support for assistance to developing countries than it is to draw crowds to a sky-high curiosity surrounded by ice-cream vendors. Yet public relations is supposed to be the supreme skill of the present British government. It would do well to put its abilities, and its millennium dome budget, behind an international campaign of the sort that, I suspect, the Jubilee 2000 coalition is too well-intentioned to pitch quite right.

The dome cannot now be cancelled, *but its zones can be* turned to good effect. Business can play its part. When the government rings up to request a few million in sponsorship funds, ask what for. The more pressure put on those responsible for the dome the better. We get at least one zone that means something.

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Lunch with the FT

Putting the caffeine back in café society

Philosopher Gale Prawda tells **Peter Aspden** the truth about her plans for England's pubs and coffee-houses

I was doing some background reading on the London-Paris Eurostar for my meeting with Gale Prawda, and I came across an extraordinary headline, from a post-second world war edition of the French literary philosophical journal *Combat*: "Too many attend Sartre lecture. Heat, fainting spells, police. Lawrence of Arabia an existentialist."

I could not help reflecting that they don't write them like that any more: that the intoxicating air of political liberation, sexual posturing and pretentious philosophy that enveloped Paris in the 1940s was very special and probably unrepeatable. I have long held a theory, though, about what it was that fuelled the whole movement: in a word, caffeine.

Gale Prawda, an American in Paris, evidently agrees. She predictably chose the Café de Flore, former Left Bank hang-out of Sartre, Simone de Beauvoir and a few other notables, to meet me to discuss her ambitious new project. This is not only to revive the heady days of espressos and existentialism, but to take this galvanising blend to a country that has traditionally been less than *amenable to both*: Britain.

The aptly surnamed Prawda is a leading light of the Café Philosophique movement, started five years ago in France to unite once more these two great native traditions. The first London sessions, held at the Institut Français, took place at the end of last year. The movement's organisation is as minimal as you can get: find a café, book a few tables, put up fly-sheets announcing a forthcoming date, and see who turns up. Then, start a debate.

So, as we sat down to a kir (me) and a cup of tea (she), I entered into the spirit. Look around, I said, and you see a Left Bank much changed, not only since Sartre's day but since I was last in Paris seven years ago.

The louche hotel next door where I used to stay had become part of a chain; there was a look-but-don't-ask Louis Vuitton store across the road; the café itself had opened its own shop to sell souvenirs. A plaque next to the terrace gave a tourist-friendly account of the café's imbibers of honour – Apollinaire, Trotsky, Breton, Sartre, Zhou Enlai.

This all felt about as bracing and bohemian as a day at Euro-Disney. Wasn't this crusade of hers just misplaced nostalgia? Shouldn't it be happening spontaneously, or not at all?

"I don't agree. There is a bit of a myth about France, like the one about finding cowboys all over America, that the French sit around and philosophise all the time. True, they are more apt to sit around and chat, and they have a strong reading culture.

> 'We had some trouble with analytic philosophers at a session on truth'

"But the philosophical discussions that went on in those days were mostly between academics – it didn't include outsiders, business people, housewives, homeless people.

"That is who we are trying to involve at Café Philo. And it is anything but nostalgic. There is a real desire for people to express their concerns, to try and understand them better. And there are certain themes which repeat themselves."

Such as?

"The very complex issue of diversity versus tolerance comes up again and again. We go around and encourage diversity in the world, but we know that there are certain cultural practices – the sexual brutalising of young women, for instance – which we wish to condemn. Are we tolerant of those?

"This theme keeps expressing itself. Clearly, people are facing it on a daily level. Living in a world of constant change is very destabilising."

I asked Prawda how she ended up in Paris, and learned that she arrived in the summer of 1968, of all years: "I was just travelling through and liked it. The Sorbonne was still occupied."

That was another year of destabilising change – how did it compare with now?

"Café Philo tries to bring back some of that spirit – you could go somewhere, say what you thought, try to understand in public what life was all about. Now people are not so anti-Establishment, there is more humour, it is less earnest. In the 1960s, it was all based on group responses: love everyone, peace on earth. Now people bring their own individual experiences to the group."

Trying to apply philosophy to their lives rather than their lives to a philosophy?

"Yeah, you could say that."

We decided to move from the Café de Flore to a local brasserie, where Café Philo holds its dinners, a slightly more formal version of prandial debate, with agendas announced in advance. There was an excellent set menu for FFr105 (£10.64), and I toyed with choosing *foie gras* and red wine, purely in the interests of my circulation.

"Go for it," announced Prawda enthusiastically, while settling instead for a rather healthy-looking salad.

The food was delicious, and Prawda empathised with my purrs of contentment: "I know how you feel. I've just come back from England. We thought we would try a typical pub meal, toad in the hole or coal in the toad or something like that. It was horrible – we ended up putting ketchup on everything."

But hadn't she put her finger on something important? Britain simply did not share the French tradition of quality food and quality chat at the same table. How did she hope to get Albion's version of Café Philo going?

"Easily. The two sessions we have had were terrific."

But wasn't the English traditionally dry approach to philosophy rather unhelpful?

Gale Prawda: '[In England] maybe we should eventually hold the meetings in pubs' Christophe Dellière

"We had some trouble with some analytic philosophers at a session on truth," she announced in the tone of a police superintendent who had run into a spot of bother with Saturday night joy riders.

"It became bogged down in semantics and we ran into dead ends. But then I turned to a table of students who were studying existentialism and said: 'Are you going to let these guys get away with this?' and it unblocked things. The English *are* more reserved, but maybe we should eventually hold the meetings in pubs. We are trying not to be too dogmatic."

We talked further about Prawda's background. After completing her doctoral thesis (on the relationship between the mass and the individual), she went into business, importing Anglo-American books to Paris and devising a new, and profitable, freight charge system.

Not surprisingly, she thinks philosophy has much to offer business: "They [business people] talk about creativity, but then do everything to make people's thinking conform to a corporate model. A philosopher will not necessarily settle any issues, but will be able to see things differently."

But wasn't that potentially subversive?

"Well, that's the risk. But one of the criteria of being successful in business is taking risks."

And then, quite suddenly, as if all the talk of 1968 had suddenly propelled us 30 years back in time, she told me that she thought there would be a revolution soon.

Come again?

"Business is booming, but people are not getting by. All this financial speculation, it's like betting at the racetrack. People make money, but it is not being distributed downwards."

But hadn't those kinds of idea been pronounced dead?

"People say communism has failed, but we have not yet lived through the confrontation. It will come, though. It may not be a head-on collision, but one way or another it will come."

I was momentarily silent, *savouring what seemed like an* authentic Parisian café moment. But after this apocalyptic interlude, Prawda returned to her rosy view of the future of her philosophy.

"Philosophers are going to become more important. They have always been put to one side by society, but they are going to play an increasing role in people's private lives."

Like personal trainers?

"That's right. You may not have a psychological problem, but want to learn more about the world. Why not?"

Our main courses dispatched, I asked Prawda if she wanted to join me for something "evil" for dessert.

"Actually, I had a dinner on evil. It went really well."

There was no prising this woman apart from her subject.

We soon arrived at the moment I had been waiting for: although our conversation had already been adrenalin-charged, it was time for a thick, dark, coffee to move it into another dimension still.

"Actually, I don't drink coffee. I never acquired the taste," responded my guest. I was shocked.

I saw everything more clearly now; I charged Prawda with not really being in the French tradition at all, but, true to the custom of her native land, more of a philosophy entrepreneur. Wasn't she just setting up a multinational franchise?

"Sure. I had the idea of doing some T-shirts: *Café Philo at the Café de Flore*."

She didn't find that a little embarrassing?

"No, no. Why not? Why should philosophy only be in the universities?

"It should be everywhere."

"I was at the evil dinner," was a good slogan, I suggested helpfully.

"... and survived it," she added, laughing.

Truth of the Matter / **James Morgan**

Past mistakes in the future

I have always been a great one for forecasting. In 1966, I wrote that the days of President Mobutu of Zaire were numbered. The number turned out to be about 11,000.

In 1979, in South Africa, I was duly appalled by the apartheid state. I also thought its power was insuperable and could crumble only as the result of a massive application of force. A few years later, I roamed much of central Europe from my base in Vienna: incompetent and corrupt as communism was, there was no doubt it would hang on for a century or two.

These may appear to be mistakes about the future, but when we get it wrong we are usually wrong about the present. Yet in the past, people who understood their own age could get the future right. In 1929, the US Literary Digest forecast that within a century scientists would "unleash the sources of energy locked in the atom"; that a child would be developed from a cell fertilised outside the mother's body; that a politician would be able to address the whole nation as he could a legislature – thanks to television.

It was in 1940 that sound foundations for the modern trend of getting it wholly wrong were laid. The American political commentator James Burnham published a brilliant book called *The Managerial Revolution*, which argued that the future belonged to the Nazis and communists because they had sorted out the problems of social and political organisation.

His lead was followed by Professor John Kenneth Galbraith in *The New Industrial State*. He demonstrated an incontrovertible theory: the modern state would be dominated by giant industrial corporations able to fix markets and otherwise arrange things so they could not fail. Governments would support them because they were too big to fail. That view of the future was refuted only by subsequent events – the near collapse of many multinational corporations, saved only by reconstructing themselves along the lines of their tiny rivals.

The rise of error has coincided with, and been caused by, a revolution in our relationship with the future as well as the instability of the present.

Up until our time people were, by and large, fashioned by their relationship with the past, or at least all that myth and legend called the past. Children were told of the glories of their ancestors and instructed as to how *they should regard their parents*.

Today, all we read is of the debt we owe not only our children but theirs as well – look at the rows over global warming.

Descendant-worship is fundamental to our world because we depend on the future in a way that has never been seen before. Count how many of your friends have jobs that are in fact glorified guessing games or whose work is dedicated to the achievement of outcomes that might not naturally occur.

The potential for error becomes colossal because everyone is having a go. In the old days, one or two sages might try their luck but, by and large, those involved in the future game were soothsayers or charlatans. Only the most skilled could enter the ranks at Delphi, or wherever; most were burned as witches.

The future game encourages a bias towards error, not only *because of the opportunities it* offers mountebanks and tricksters. Getting it wrong is also part of the system for structural reasons. Forecasting does not take place in a vacuum. People like me are voracious consumers of the views of analysts of one kind and another. Much of my work consists of echoing – sorry, refining – and synthesising their views. But they work for institutions whose prosperity may depend on those same analyses I read. That might seem to put a premium on accuracy, but in fact the opposite is often the case.

If an analyst should argue that the government of, say, Lamaysia is pursuing policies that can only end in disaster, it would not be in the interests of those institutions which have interests in Lamaysia and wish to curry favour with its leaders. That is best achieved by putting a glorious gloss on developments in the country.

That is a relatively trivial instance. But let us look at some of the presumably foreseeable crises to have hit us in this decade. Those whose job it was to foresee the economic collapse in Mexico three years ago failed to see it coming. The International Monetary Fund likes to say it did warn of the problems in Thailand which unleashed the latest round of financial disasters (it certainly did not foresee those repercussions). To be sure, the IMF's view of Thailand in the middle of 1996 was not wholly rosy but you had to be a skilled interpreter of fund-speak to know it. Those who see the future dare not articulate what they know for fear of making things worse.

Even trickier, we have to grapple with the non-linear dynamic event. This is the child of Murphy's Law and chaos theory. If anything can go wrong it will, and the thing that will go wrong will be something unpredictable. It will be unpredictable partly because it contradicts what is obviously right. Take as an example the wondrous things that followed the half-expected event in Thailand on July 2 last year.

On July 1, all theories about the East Asian Miracle were correct. Today, every dealer from London to Sydney will wince at the very mention of those words.

We can be right only for a limited period. German and Japanese economic models were admirable and right for a few decades – and were then suddenly fundamentally flawed even though nothing had changed. "Asian values", the alchemy that transmuted poverty into gold, now signifies an amalgam of cronyism, corruption and cowardice.

Now I shall return to the forecasting game which, unlike my earlier attempts, will not make the mistake of taking the present too much into account.

I predict the US will face a crisis because its social model leads to intolerable tensions. Latin America will enjoy steady and dynamic sustainable development. France will prosper because it has discovered the secret of social cohesion and steady growth. Burma and the Philippines will be the miracle economies of the east.

You read these forecasts and your lips curl. But remember, they didn't appear here first. They were put forward by various respectable sources over the past 40 years. And remember, Mobutu's regime did collapse.

■ *James Morgan, economics correspondent, BBC World Service.*

PERSPECTIVES

Loathsome louse of the lochs

Scotland's salmon industry is being accused of stripping bare the wild sea trout, reports **Tom Fort**

A thoroughly unpleasant piece of work is Lepeophtheirus Salmonis, otherwise the sea louse. It eats the protective slime on fish, then it eats the fish alive. It is one of those creatures whose usefulness in the scheme of creation might seem open to question.

Then there is the sea trout, noble, shining knight of our rivers, second only to salmon in the fishy hierarchy. Shaped and spotted as a brown trout (which, genetically, it is), the sea trout's dashing beauty and wandering spirit inspire a rare passion among those who hunt it.

Little wonder, then, that in any collision between the parasite and the trout, sympathy for the former should be in short supply; or that any activity seen as promoting the parasite's welfare at the expense of the trout should attract close and hostile attention.

That is an understated way of approaching the storm of rage, recrimination and abuse that has burst over Scotland's salmon farming industry. It comes as a consequence of the severe decline – in numerous cases, near annihilation – of sea trout stocks along the west and north-west coasts.

Although sea trout run rivers all around the British Isles, these remote fisheries suited them particularly well. They delighted in the cool, rocky streams; in the shrimp, sand eel, and other nourishment abounding in the sea lochs where the rivers debouched. The young fish, known as smolts, could easily descend to the sea, grow fat, and return to breed, again and again.

But these sea lochs were equally ideal for a new industry which gave the promise of new life to far-flung, economically beleaguered communities. Cages for rearing salmon sprouted across these wild waters. The powers in distant Edinburgh and more distant Westminster put money into it without being overconcerned with niceties such as setting up a system of proper regulation. Farmers were left pretty much to their own devices.

The result has been a troubled history. The complex science of aquaculture had to be learned as the salmon industry invented itself. There were continual problems with disease, predation and mass escapes, which had to be tackled against the background of the economic squeeze exerted by the much bigger and more highly subsidised Norwegian sector.

The past few years have seen far-reaching changes. The science of salmon farming has been steadily refined, making possible – through vastly improved survival rates – a steady climb in production to an estimated 1997 level of more than 90,000 tons of salmon, without a corresponding increase in costs.

Many of the small to medium-sized concerns which sprouted during the early years have gone under or been swallowed by the multinationals.

But while the industry has certainly grown up, a familiar cloud darkens the sky, drawn from a murky swirl of environmental concerns. The appeal of fresh salmon lies in its cheapness, and in its pseudo-"natural" character. As so often in the world of food production, the real story of the gleaming corpse on the fishmonger's slab hardly impinges on the customer.

But the salmon growers have to struggle with that reality. The pinkness of the flesh comes from dye. The fish are reared at battery intensity. They produce a mass of faecal waste which does nasty things to the sea bed.

To remain "healthy" in such conditions, they must be dosed constantly with a range of antibiotics and other prophylactics.

Which brings us back to the reviled louse. Cages crammed with meaty salmon, unable to escape, are the stuff of parasites' dreams. To keep infestation of such concentrations of fish under control requires the application of potent chemicals with sinister names.

> The pinkness of salmon flesh comes from dye; and the fish are reared at battery intensity

The crusaders for the sea trout – the fishermen who pursue (and let it be said, kill) them and the fishery owners – claim their fish are being attacked and destroyed by the lice drawn to the salmon farms.

Further, they say that the louse has developed resistance to the commonly used treatments and their use has merely persuaded it to abandon the salmon and swarm in search of other prey.

Circumstantial evidence for the link is powerful. In general, rivers running into sea lochs with concentrations of salmon farms have suffered plummeting stocks of trout. The trout fishers argue, with growing vehemence, that the salmon farmers are responsible for the catastrophe.

For their part, the salmon growers say the lack of attested research makes it impossible to point the finger at them. They complain that insufficient attention has been given to the general decline in numbers of sea trout, and to the likely influence – as yet dimly apprehended – of massive changes in the marine environment. They say they have put resources into trying to crack the secrets of the louse and associated problems, with the reward of being cast as whipping boy.

Attitudes have hardened. The salmon industry believes its assailants want it and its cages out of existence altogether. The sea trout's crusaders – the less restrained among them – portray the salmon farmers as little better than plunderers, destroyers of a precious heritage. There have been recent moves towards an action for redress in the courts.

Amid the accusations and bitterness, one thing is sure. If there is a path to salvation – which is far from certain – it must lie in co-operation between the parties. The salmon farming industry will not go away. The farmers' interests will be served by a successful and benign strategy to wage war on the louse. And only they, certainly not the trout fishermen, have the resources to do it.

There are signs of enlightenment dawning. Quietly, away from the noise of battle, work is afoot. A group of charities, the West Coast Fisheries Trusts, set up to promote the interests of the wild fish, has been working with the farmers to investigate the life cycle of the loathsome louse.

Evidence suggests it thrives best in warm water, and is therefore at its most vulnerable in March, when the water is at its coldest. A co-ordinated spring offensive to reduce lice levels to a minimum and keep them there for the next few months, while the sea trout smolts come out to salt water, could provide a window of hope.

The effectiveness of the weaponry is a crucial factor. A new treatment, cypermethrin, has been used on a farm in the west of Ireland where a salmon company was facing legal action from the owner of a famous sea trout fishery where stocks had been devastated. Recorded lice levels dropped to almost nothing and it was soon noticed that more sea trout were returning to the river, in noticeably better condition.

Tests with cypermethrin have been carried out in Scotland, and the painfully slow business of obtaining consent for its use through the regulatory bodies of Britain and the EU is almost complete. No one is foolish enough to believe it will be a panacea. But used in combination with other treatments and practices, such as co-ordinating the harvest time for salmon in a given area so sites can be properly fallowed, it should, at the very least, establish whether the louse is indeed the villain of the piece. The survival of a noble species in some of the loveliest places in the kingdom may well depend on the outcome.

A deal done in diamonds

Fabulous jewels or cut glass? **Christian Tyler** tells the story

To celebrate the birth of her daughter, Frederique Guillemard received a special present from her great aunt in France: a pair of pink stones, each about the size of a thumbnail, which had been handed down from Russian ancestors.

When the old lady died some years later, Guillemard decided to have the stones valued. With her husband Guy, she arranged to visit a director of De Beers' Central Selling Organisation in London.

There, she says, she was told by him and another expert that the polished, but unmounted stones were possibly rubies, but more probably pink diamonds of exceptional quality and value. Overjoyed, the couple took the stones home and put them in their bank.

A few days' later a written estimate signed by the director arrived from De Beers describing "two old mine cut fancy intense pink diamonds, weighing together 11.95 carats". It valued them at just under $6m.

Two weeks later, following De Beers's suggestion, the gems were transported by security van to the company's offices. They were to be sent on to the Gemological Institute of America, in New York, where they would be certificated for quality prior to sale by auction.

That was a Friday. The following Friday, having heard nothing and becoming anxious, the Guillemards asked their solicitor to make inquiries.

Then came the bombshell. The stones had not been sent to New York, he was told. Instead, the box had been opened in London on Monday, the stones re-examined and found to be pieces of glass.

So began a fight lasting 7½ years between the Guillemards and the most powerful organisation in the world diamond trade. First by negotiation through solicitors, later by issuing a writ in the High Court in London, the Guillemards struggled to win compensation for what they claimed was De Beers's negligent loss of their heirloom.

Now the case of the glass diamonds has been settled out of court. As is usual in such cases, both sides refuse to discuss the terms of the agreement. But it is believed the Guillemards have accepted a payment from De Beers sufficient at least to cover their legal costs. A sum of £250,000 – whether additional compensation or not is unclear – was quoted by one City source.

If the case had come to trial the company would probably have argued that its two experts were never shown diamonds by the Guillemards. According to another version, its defence could have been that the so-called valuation was a precaution, a letter for insurance purposes only, needed while the stones were being sent away for formal inspection and grading.

The couple's story was different.

They said they were told that although the stones might possibly be rubies worth about $3.5m, they looked like almost flawless diamonds – in which case they could fetch up to $12m at auction.

De Beers further argued that the couple would not be able to prove they ever held diamonds. Jeremy Richdale, a director of the company's Central Selling Organisation, to whom the Guillemards first showed the stones, said last month: "There was an investigation at the time, and no action was taken as a result of that."

In answer to another question, he said there had been no managerial repercussions within the organisation after the incident. "There is no case to answer, and that is where it rests."

A company spokesman said De Beers had always denied liability and had been prepared to defend itself at trial. He added: "We are happy to have been able to settle our differences with the Guillemards and to avoid any further substantial costs of litigation."

Because of its enormous influence over the trade in rough diamonds, De Beers is reluctant to have its business aired in court.

Its role as organiser of the international diamond producers' cartel – a description it rejects – makes it vulnerable to attack. Currently, for example, De Beers directors are unable to visit the US for fear of being arraigned on an indictment concerning alleged price-fixing which is pending there.

As for the *dramatis personae* in the case of the glass diamonds, the Guillemards live mostly in Hong Kong now, where Guy is working. The gemologist Paul Cheong, who with Richdale first inspected the stones, has also moved to Hong Kong. Gary Ralfe, managing director of the London-based CSO, is moving to Johannesburg this month as managing director of De Beers. Richdale remains a CSO director in London.

Meanwhile, London publishers have reportedly been approached by a friend of Frederique Guillemard who is helping her to write a book about her story: how, for a brief few weeks she became, as she believed, a multi-millionairess.

But when will the final chapter be written? For, although the case of the glass diamonds has been settled, the mystery lives on.

Long Burmese nights

Justin Marozzi joins the veterans marking 50 years of independence in Rangoon

An elderly gentleman steps gingerly on to the platform with the aid of a walking stick and a colleague. Another holds an umbrella to protect the honoured speaker from the sweltering heat. Tottering in front of the microphone, the speaker recalls the independence movement led by Aung San, which, 50 years ago, won the country's independence from Britain.

It is a speech punctuated by the squawking of rooks and the crackling and cackling of a frail public address system, and it is all unofficial. The gathering last weekend was organised by veterans of the struggle against British rule. They speak of a pride in their past but a dissatisfaction with the present. They recall the departure 50 years ago of the HMS Birmingham, and the fading notes of Auld Lang Syne.

The small audience in front of a ramshackle house that belongs to Bohmu Aung, at 88 one of the oldest of the independence veterans, was less ordered than the official gathering, which consciously avoided celebrating the concept of armed resistance by the people. It is difficult to celebrate history when, in part, you are haunted by it.

Bohmu Aung knows all about resistance. He was one of Aung San's "Thirty Comrades" who marched into Burma alongside Japanese forces to drive out the British and allied forces shortly after Pearl Harbour. Most of the comrades have since passed away.

Sitting at one table is Aung San Suu Kyi, the pro-democracy activist and daughter of Aung San. He was assassinated six months before Burma won its freedom and his daughter now talks of the fight for democracy as the country's second independence movement. With flowers in her hair, she is effortlessly graceful, an island of emerald green in a sea of the beige, collarless Burmese jackets favoured by the older generation.

She has already delivered a speech in her compound this morning on behalf of her embattled opposition movement and does not address the audience here. This afternoon belongs to her father's generation, but a constant stream of veterans arrives at her table to pay respects.

"We have mixed feelings today," confides one veteran. "We feel happy that we have the right to celebrate national independence but at the same time we feel sorry because we haven't yet fulfilled the fruits of that independence."

Casting his mind back half a century, he remembers the 1947 Burmese delegation to London during independence negotiations with the British.

"The governor of Burma, Sir Reginald Dorman-Smith, invited us to his residence in the countryside, where we were pressed to accept dominion status. I told him that we had no tradition of owing allegiance to a foreign king and we did not stand for home rule. He just smiled at us," he chuckles.

The quiet celebrations by old men who have seen their liberation struggle overtaken by a military dictatorship seem all the more poignant in comparison with a shrill editorial in The New Light of Myanmar, the official daily newspaper which also marked the golden jubilee of independence.

"We must be vigilant against various wily schemes of some neo-colonialists who frequently interfere in the internal affairs of others," it warned citizens. "It is the time when we must keep constant vigil against any movements of those who want to disrupt stability and undermine national consolidation, finding fault without any reason on pretext of democracy and human rights."

The propaganda is crude – and relentlessly, unintentionally ironic. Every day, The New Light of Myanmar carries a table highlighting 12 political, economic and social objectives. One of them, the pledge to uplift education standards, is glaring. Unsettled by campus disturbances, the government closed universities and high schools more than a year ago. Most institutions remain closed today.

The government action had little to do with another of its stated objectives to "uplift ... the morale and morality of the entire nation", but Burma, Myanmar, call it what you will, is an unusual place. Tucked away on the inside pages is a message from Her Majesty Queen Elizabeth II, who sends her greetings and best wishes to the people of the Union of Myanmar.

Elsewhere in Rangoon, the State Peace and Development Council (recently renamed from the State Law and Order Restoration Council) has been "encouraging" people to attend its own muted celebrations.

But the tone is very different from the national pride and excitement that marked the year-long jamboree of the 50th anniversary of independence in neighbouring India.

The country has drifted far from the nine-point pledge issued by Burmese leaders on January 4 1948 to mark their hard-won independence: "We shall, from this day on, unswervingly shoulder the responsibilities required of a free people as we so enjoy the noble rights of a free people."

BOOKS

The Bomb and the baseball

Galen Strawson reviews American author Don DeLillo's new cold-war anti-idyll novel

On October 3, 1951 the Soviet Union exploded an atomic bomb, and the New York Giants beat the Brooklyn Dodgers to a place in the World Series with a home run from Bobby Thompson that became known as "the Shot Heard Round The World". Don DeLillo worked on the co-occurrence in a short story called *Pafko at the Wall* (1992), which became the seed and prologue of *Underworld*, his new, 827-page bomb-and-baseball novel.

The bomb is the generic one: it's the one we used to say we lived with.

The baseball is particular: it's the one Thompson struck into the lower stands at the Polo Grounds overlooking the Harlem River at 157th Street on October 3. It travels through the book from 1951 to 1998. It is grabbed from Bill Waterson at the ballpark by Cotter Martin, a 14-year-old boy skipping school for the game. It is taken from him by his father, Manx Martin, and sold to Charlie Wainwright before dawn outside the Yankee Stadium. It is passed from father to son, sold on and on, tracked by Marvin Lundy, baseball memorabilia sleuth. It is sold, finally, to Nick Shay, the protagonist of *Underworld* – who had been a Dodgers fan anyway, and doesn't know why he wants this symbol of defeat.

It may be because his father, Jimmy Costanza, walked out of the door when he was 10 and never came back; or because (like DeLillo himself) he's always been "a country of one", afflicted with lontananza, remoteness, (like George Manza the waiter and junkie, whom he shot and killed by mistake in the Bronx in 1952).

So there goes the baseball. But it is the bomb, the non-specific Bomb, that forms the spiritual homeplate for DeLillo's cold-war anti-idyll, and drives his off-world fictional choices, as he materialises palely and filmically in one decade after another – in Manhattan, San Francisco, Phoenix, Los Angeles, New Jersey, the Bronx, the Nevada desert. For the Catholic nun who teaches Nick's brother Matty in the Bronx in the 1950s, the Bomb (its shadow, its spectre) is the principal source of the world's moral structure, and DeLillo pumps it hard.

So Matty Shay goes off to work in the atomic weapons industry. Charlie Wainwright's Mad Avenue agency uses bomb imagery in its advertising campaigns (1961). Chuckie, his son, crews a nuclear B-52 (1969). The stand-up comedian Lenny Bruce tours the country during the Cuban missile crisis, screaming his theme – "We're all gonna die" – in a series of whippy improvisations (1962). Klara Sax, née Sachs, artist, ex-Bronx, ex-wife of Matty's chess mentor, brief adulterous lover of Nick, paints 230 obsolete B-52s or BUFFs (Big Ugly Fat Fucks) parked in the desert in eight great staggered ranks in a vast collective artwork (1992). Nick Shay works for a plutonium-burying waste disposal company and travels to post-USSR Kazakhstan to witness the use of underground nuclear explosions to vapourise dangerous waste (present day).

The baseball and the bomb, then, two great emotions in American themes. "Which the whole thing is interesting, because when they make an atomic bomb, listen to this, they make the radioactive core the exact same size as a baseball" (Marvin Lundy, a 20th-century Jew from Brooklyn, uses the same "which" construction as Patrick O'Brian's Napoleonic war sailors). But it only looks interesting if you've taken over a thematic coupling that only just works in a short story and are trying to bludgeon it into unifying a Great American novel.

UNDERWORLD
by Don DeLillo
Picador £18, 1000 pages

DeLillo fails. *Underworld* contains a reasonable quantity of worthwhile thoughts, and DeLillo is good at speech, well aware that many conversations are alternating monologues, full of aposiopesis and the strange jumps that preoccupy linguists *who specialise in "speech pragmatics"*. He has an adequate rhapsody on the rooftops and coopered water towers of New York City, and there are a number of other successful scenes. Part Six, *Arrangement in Gray and Black*, is a minor masterpiece that takes place in the Bronx in 1951-52 and detaches from the rest of the book like a ripe blackberry, in spite of all the punctilious thematic cross-stitching.

But the book bombs, considered as a unified work rather than as a congeries of episodes – virtuoso sketches, notebook entries, late injections, personal hot spots. It is dead from its title on: "I first bit upon *Underworld* when I started thinking about plutonium waste buried deep in the earth. Then about Pluto, the god of the dead and ruler of the underworld. New connections and meanings began to suggest themselves . . ." DeLillo has taken a lot from his own life for this book, and this seems to be one source of paralysis. Not so much because DeLillo is tight *about himself, disposed to over-*protect his person with artifice (he is said to have considered the Salinger/Pynchon route into isolation). The more serious problem is that he experiences so much emotion, in writing close to himself, that he shuts out the reader. He sets out a network of personal cathexes and fails to find the form that allows its communication to others. He fails even to see the need for it: he is too busy trying to nail his private intensities whole on the page. He misses the real "woo-woo" – the loopiness, the myth – of the age.

He also fails to differentiate his characters adequately. Too many share his sensibility – his bothered, hunted obliquity, his cloisonné confusion, his oppression by the massed facts of being. Nor has one any idea what they look like. Physiognomical vagueness is a DeLillo trademark (it works well in *Libra*, 1988) and it is intentional (inhabitants of underworlds tend to be corporeally ill-defined). But it is an error in a book that is *falling apart for lack of live connective* tissue. Given the sentence-by-sentence substantiveness of the material, and the cumulative resonance that accrues almost by default to long, decade-wandering books like this, its structural and emotional inertness is quite astonishing.

DeLillo's theory and practice of writing do not help. Too many sentences say "Look at me!" rather than "Here it is" (as a result of trying too hard to say "Here it is"). There is too much confounded style. DeLillo says that fiction "is a kind of religious meditation in which language is the final enlightenment". But enlightenment cannot be taken by force (unless, perhaps, you are Flaubert), and his false claim that the novelist "is creating a dream that's an antidote to history's nightmare" backfires spectacularly in *Underworld*, in which dream and nightmare threaten to change places. The book is also a lesson in how the word "and" can function as a device of sentimentality.

"The primal clash" in *Underworld*, according to DeLillo, is "the tendency of the language to work in opposition to the enormous technology of war that dominated the era and shaped the book's themes".

But this claim corresponds to *nothing real – unless it* expresses some obscure private emotion of composition. It is just one more symptom of the central problem: DeLillo has confused his inner heave with art.

When violin meets violinist

The player calls the tune, writes **David Schoenbaum**

A man of many parts, Sir James Beament is a distinguished physiologist, self-taught acoustician, semi-pro bass player and amateur composer. As husband and father of highly professional violin-makers, he is also a welcome reminder that the word "amateur" once referred to "love" and not ineptitude.

The result is an uncommonly useful book for anyone who makes, buys, sells, repairs, restores, plays, collects, insures, steals, loves, studies or just listens to violins. This inevitably includes redundancies. But it still means a lot of people. In a literature heavily tilted to moonshine at one end, and multivariate equations at the other, Beament is nearly unique in appealing to readers grateful for science, but *more comfortable with* words. Even the title is exemplary for delivering what it promises.

THE VIOLIN EXPLAINED: COMPONENTS, MECHANISM AND SOUND
by Sir James Beament
Clarendon Press £35, 245 pages

As disarmingly stated by the author, the purpose is to make the reader say "so that's what happens." In fact, the argument is radical, equally subversive of folklore and conventional wisdom.

In war, according to Clausewitz, everything is very simple, but also very complicated. In Beament's perspective, the same applies to the violin. An aggregate of some 70 parts, symmetrical and asymmetrical, it is essentially a box, artfully constructed to amplify the vibration of four bowed strings and resonate across a wide range of audible frequencies under tensions of 25 kg. and upward.

Worked out by 1550 by trial and error, it has changed only at the margins from then to now. Since the late-18th century, old Italian violins have been among the *world's most valued collectibles*. Yet in a famous blind test on BBC Radio 3, two of the world's most accomplished violinists, and one of its most respected appraisers, failed to detect a Guarneri and Stradivari from a British-made violin built a year before.

A well-made violin is a well-made violin, Beament argues. As might be imagined, a great player will make a great violin sound greater, discover its strengths, accommodate its weaknesses, and bond with the instrument as with a partner in any other serious relationship. But a bad player will still sound bad on a Guarneri del Gesù, and a Kreisler, Heifetz or Oistrakh will sound like themselves *on almost anything*.

With its f-holes, C-bouts and traditional colours, the form is largely convention, Beament emphasises. Mystique to the contrary, varnish is only a wood preservative. Providing their area is the same 5.5 sq. cm., ellipses carved in the top of the instrument will work as well as f-holes. In the hands of Joshua Bell, a guitar shaped Stradivari sounds as good as a conventional one.

All things being equal, when violin meets violinist, *what happens is linear: play-er-bow-string-bridge-body-sound-hearing-perception*, in Beament's model. *But any good player knows* things are not equal, as does any listener capable of telling Heifetz on a Guarneri from the kid next door on a machine-made box.

On the contrary, violin bodies are as individual as human bodies. Bows, too, are as variable as people, learning to use them is a lifelong enterprise, and any violinist will confirm that bowing comprises 75-90 per cent of the art of playing. Strings vary with length, diameter and material.

A Stradivari today costs millions. By comparison, such seemingly modest accessories as bridges, the *sound posts and bass bars* they operate on, and the tailpiece that anchors the strings, cost only a few pounds to a few pence. Yet while any of them "may not turn a bad violin into a fine instrument," Beament notes, "they can make or ruin a good one."

Actually, four of the variables in his model are outside the violin altogether. His longest chapter is about sound and hearing. Add the chapter on how the player hears the instrument, and *the discussion of sound and* its perception comprise almost a quarter of the book.

The ultimate variable is, of *course*, the player. "Oh, Mr Heifetz, your violin sounds so wonderful," an admirer gushes in a famous anecdote. "Oh?" Heifetz replies, looking at the instrument in his hands. "I don't hear anything."

No one need know how a string vibrates to play the violin, Beament concedes, nor a degree in chemistry, physical chemistry or molecular biology to make one. With only the most notional idea of how spruce resonates, glue adheres or varnish dries, luthiers around the world have worked wood and trusted their ears. The results have been consistent, *and occasionally memorable*, for over 400 years. What science can do, according to Beament, is help explain how they do it; inspire respect for an object that defies improvement; and make us reflect on how the interaction of "trees, waste products from animals, hearing and musical people," can cause us to laugh, cry, spend lots of money, and practice scales in tenths and fingered octaves.

■ *David Schoenbaum is an amateur violinist and professional historian.*

One of the illustrations from 'The Violin' by Yehudi Menuhin with Catherine Meyer (Flammarion, £35)

Rochdale's favourite daughter

Clay Harris on Gracie Fields, Britain's first modern celebrity

Gracie Fields deserves to be rediscovered. On her centenary, it's time to rescue Rochdale's favourite daughter from her saccharine *Stars on Sunday* image and "The Biggest Aspidistra in the World", all that remains for most people under 50. Although her career spanned seven decades, the 1930s alone would suffice to ensure her immortality.

She was Britain's first modern celebrity, dominating show business like no one before her or since. The House of Commons ended a debate early in 1939, on the night she made a radio address to the nation after a *near-fatal cancer operation*. During her illness, prayers were said in churches, and half a million letters and masses of flowers and gifts were sent to her hospital – adulation that puts "who's your favourite Spice Girl?" into perspective, and invites comparison with the first week of September 1997.

"It is no joke to be an uncrowned and unguarded queen," J.B. Priestley, who had written the scripts of two of Gracie's films, recalled in 1947. What made Gracie so special? Priestley attributed part of her appeal to her ability to dominate audiences by alternating sentiment and broad comedy.

But she also became a symbolic figure for England's industrial north, said Priestley, the "mill girl immensely enlarged and intensified by talent and art. She was independent, saucy, maternal, blunt in manner but deeply feminine . . . she was the people in all the little back streets, now with full orchestra and the lid off." She was also the template for the strong Northern woman. It is hard to imagine *Coronation Street's* Elsie Tanner without Gracie as her antecedent.

Her films in the 1930s brimmed with pluck and optimism in the face of Depression. "If we can't spin, we still can sing," Gracie – she always seemed to play a Gracie or a Sally – said after the mill had shut down in *Sing as We Go*. (By the end of the film, of course, the mill had re-opened through some intervention or another by Gracie. She worked a similar miracle for shipbuilding on Clydeside in *Shipyard Sally*.)

Yet this was more than feel-good escapism. She guyed the pretentious. Nothing in class-riven Britain, from Lancashire tripe shops to Mayfair toffs, escaped her mockery.

GRACIE FIELDS
by Joan Moules
Summersdale £7.99, 247 pages

From the 1920s, critics regularly remarked that Gracie's talent was bigger than her material. James Agate said of a Palladium performance in 1934: "No other music hall artiste could invest this howling defiant drivel with such exquisite pathos and sincerity. This fine actress could play Carmen or any other role. She should be given a chance to play St Joan."

What really made Gracie special was her ringing but untrained voice. Lancashire sceptics, usually female, may be wont to mutter "who told *her* she could sing?" as they do with any local lass made good. But Luisa Tetrazzini, one of the century's greatest sopranos, was one of several stars to encourage Gracie, to no avail, to pursue an operatic career.

Perhaps there could have been more than "Sally" and "Wish Me Luck as You Wave Me Goodbye." But find a recording of Gracie's performance at the Holborn Empire in 1933, and it will give you a smile you can keep all the while . . .

Saucy, maternal, blunt, deeply feminine: Gracie Fields, music hall artiste and template for the Northern woman

Life, that great malarky

Kieran Cooke enjoys an eccentric's view of history

Heroes and heroines can be boring. Often, it is life's bit players – the barmen and bus conductors, *the undertakers and* road sweepers – who have the more interesting tales to tell.

For 35 years Joe Gould walked the streets of New York tormented by what he called "the three H's" – homelessness, hunger and hangovers. When he died in 1957, aged 68, of arteriosclerosis and senility, Gould would quickly have been forgotten were it not for these two remarkable profiles by Joseph Mitchell, originally published in The New Yorker in 1942 and 1964. Mitchell, who died last year, was for several decades one of The New Yorker's most outstanding writers.

Mitchell was initially attracted by Gould's eccentricities. Among Gould's self-proclaimed talents was the ability to talk the language of seagulls: "I have translated a number of Henry Wadsworth Longfellow's poems into sea gull." He also had an interesting theory about tomatoes: "The eating of tomatoes by railroad engineers was responsible for 53 per cent of the train wrecks in the United States during the last seven years."

Gould was born into one of New England's oldest families, went to Harvard, but then decided to become what he called the last of the bohemians in Greenwich village. "I'm the foremost authority in the United States on the subject of doing without." Gould tells people he lives on "air, self-esteem, cigarette butts, cowboy coffee, fried egg sandwiches and ketchup."

What fascinates Mitchell most is Gould's writing – a work called "An Oral History of Our Time", based on thousands of conversations and anecdotes heard in New York's bars and flophouses, hospital wards and morgues. "What people say is history," Gould says. "What we used to think was history – kings and queens, treaties, inventions, big battles, beheadings, Caesar, Napoleon, Pontius Pilate, Columbus, William Jennings Bryan – is only formal history and largely false. I'll put down the informal history of the shirt-sleeved multitude – what they had to say about their jobs, love affairs, vittles, sprees, scrapes, and sorrows – or I'll perish in the attempt."

JOE GOULD'S SECRET
by Joseph Mitchell
Jonathan Cape £9.99, 186 pages

Mitchell becomes intoxicated by the idea. "The Oral History is a great hodgepodge and kitchen midden of *hearsay, a repository of jab*ber, an omnium-gatherum of bushwa, gab, palaver, hogwash, flapdoodle and malarkey." Already, in 1942, Gould tells Mitchell the Oral History is 11 times as long as the Bible with more than 9m words, all down in longhand in a mountain of nickel composition books: "The Oral History has been my rope and my scaffold, my bed and my board, my wife and my floozy, my wound and the salt on it, my whiskey and my aspirin, and my rock and my salvation. It is the only thing that matters a damn to me. All else is dross."

In the second of these masterly profiles, Mitchell tells of how he persuades Gould to let him read some of the great work. Like Gould's conversation, there are digressions on digressions *and multiple repetitions*. The death of his father and mother plus the danger of eating tomatoes form the main subject matter.

There was some mystery as to where all the hundreds of composition books were stored. Mitchell eventually tires of Gould's excuses about not being able to show him more of his work. The two are sitting in Mitchell's office at The New Yorker. "'I'm beginning to believe,' I went on, 'that the Oral History doesn't exist.'" Then Mitchell freezes. "The next moment, glancing at Gould's face, I knew as well as I knew anything that I had blundered upon the truth about the Oral History."

The great work, the pivot of Gould's existence for more than 30 years, was all imagination and lies. Mitchell relates his mix of emotions brilliantly. His anger at the man who liked to compare himself to Gibbon turned to respect. From the beginning, Gould had had difficulty fitting in – with his family, with Harvard and with New York. "He had come to Greenwich Village and had found a mask for himself, and he had put it on and kept it on. The Eccentric Author of a Great, Mysterious, Unpublished Book – that was his mask. And, hiding behind it, he had created a character a good deal more complicated, it seemed to me, than most of the characters created by the novelists and playwrights of his time."

Gould was not a great author. But he was blessed with a rich imagination and told a wonderful story. In the end, that is all that mattered.

BOOKS

Comic book king: "The Robert Crumb Coffee Table Art Book" (Bloomsbury, £25) covers the life and work of the influential illustrator who is described by the art critic Robert Hughes as "the Brueghel of the twentieth century". Crumb's bizarre life was the subject of an acclaimed documentary two years ago.

Cartoons with attitude

Two years ago, Terry Zwigoff's biopic, *Crumb*, turned the world's attention to the American cartoonist, Robert Crumb. Crumb's huge, glossy "art book" makes it clear that Robert Crumb is someone who has really spent time sitting out in the cold, putting down on paper all that he sees and feels. He returns again and again to his trademark themes – nostalgia, philistinism, outrageous sexual fantasies, the elusive search for *the meaning of existence* – all set against a terrifying American tangle of electric wires and deteriorating buildings. The pathos in Crumb's drawings is masterful. No one captures the lower lip of self-disgust and the rumpled slouch of despair as well as Crumb, and any survivor of childhood bullying will recognise the truth in the way he draws the cocky grimace of alpha-male aggressiveness.

What makes Crumb's work so nourishing is that he labours so hard to tell The Truth. Unlike most of his counterparts in the "fine art" field, Crumb's comics (a medium Crumb himself describes as inherently low-brow) seem to flow from an urgent need to make the world understand what he sees and feels, no matter how sordid, depressing, vicious, or insane. Crumb cites the great 19th-century American cartoonist Thomas Nast as a major influence. It wouldn't be over-zealous to place Crumb alongside Nast, whose work was also borne of passion and disgust, in the ranks of the great cartoonists.

The *Coffee Table Art Book* is drawn from a wide range of sources. Along with sensitively coloured reprints from Crumb's comics, his sketchbooks, and some out-of-print publications, there are many goodies that Crumb fans will not want to miss. For instance, one of his brother Charles's teenage comic stories is reproduced in all its smeary pencil glory, alongside Robert's almost verbatim reworking published some years later. This is a touching tribute to the influence his late older brother had on Robert Crumb's interest in comics. There are also photos of Crumb, his friends and family, and some essays by Crumb himself.

THE R. CRUMB COFFEE TABLE ART BOOK
edited and designed by Peter Poplaski
Bloomsbury £25, 256 pages

Crumb, like Woody Allen, often focuses on his own inadequacies and vanities as a source of story material. He still seems surprised to find himself in his position, free to express himself artistically and make money doing it. Many of these comics celebrate the unlikely sexual opportunities he has apparently had as a result of his fame. Crumb's much discussed sexual vengefulness, as it appears in his comics, is usually inflicted on those women (oddly compelling, big-legged Eric Gill-type figures) who prove themselves suckers for fame and fortune – *presumably the sort of* women who spurned him in adolescence in favour of "alpha males". But the respect and admiration he reserves for his wife, Aline, seems at odds with accusations of misogyny.

However, be warned; this is not Crumb made safe for mainstream consumption: *The Coffee Table Art Book* includes some of his most extreme work, most notably the infamous headless Devil Girl Strip featured in the *Crumb* film. Colourful and enticing, this is a book nobody will want to leave around for children to open. Some shipments of the book were said to have been impounded in the UK by H.M. Customs and Excise due to the book's "pornographic" content. I applaud the gumption of editor/designer Peter Poplaski and Kitchen Sink Press/Bloomsbury for publishing all sides *of Crumb's underground* work in a mainstream book.

The editing is well considered and thorough; one feels that Crumb himself must have approved of the way he and his work is portrayed. There's no sycophantic puffery wrapped around the drawings; every word is worth reading.

Ted Dewan

The three pretenders

John Ramsden enjoys this provocative exercise in political speculation

Enoch Powell once remarked that all political careers are failures. Backbenchers mainly fail in their ambition to be ministers, most ministers do not reach the cabinet, most cabinet ministers do not get to Number Ten, and almost every British prime minister has lost office before he (and especially she) was good and ready to go.

Here, Edward Pearce offers three long essays asking what we missed by failing to have Rab Butler, Denis Healey and Iain Macleod succeed in their honorable ambition to govern us. But is this a quite fair approach? After all, as Rab Butler wrote in an *aide-memoire in the summer of* 1963, there was no reason why he need aspire to be Pope; for it was, in all conscience, a reasonable achievement to have made it to the College of Cardinals. However, like all "what if?" hypotheses, it is a fascinating speculation.

Pearce makes a formidable case for all three, and in the process he hands out effective brickbats to the rivals who kept them from the throne. Harold Macmillan emerges here as shifty, evasive and distinctly "flappable", a born intriguer who sublimated his instincts by convincing himself that it was Butler who was being Jesuitical. But if Butler had only had half the deviousness that Macmillan attributed to him, he could have been prime minister three times over.

Figures as diverse as Neville Chamberlain and Hugh Scanlon ("the marxist golfer") are wittily illuminated as they cross our heroes' path. Robert Boothby was careless "in the lesser matters of adultery and declarations of financial interest" – but nevertheless "more fun than Selwyn Lloyd" (not a great tribute, that). Woolton was "a publicist before he was anything else – and he was very little else"; Lord Cherwell was "sham-omniscient"; ritual denials of collusion over Suez, when made after 1956, "had the qualities of masses said for the repose of Eden's soul", while Macmillan's account of Eden's retirement "demands bad music played by the violins of a hotel orchestra". Rhodesia's white *settlers were "very much* Croydon on horseback", and Butler kept the Macmillan government going during the Profumo affair "while other people were, in every imaginable way, screwing".

Lord Home "was a nice man . . . but the notion of his being the Scottish landowner's answer to the Christian life is overdone". Mountbatten had the "charm of an operetta tenor, ambition to make a Pharaoh catch breath, a vanity better confined to the catwalk and snake-in-the-grass tendencies". David Basnett was "a man of towering demerit . . . a lowgrade Harold Wilson without the intelligence or the occasional illuminating flash of despair".

These judgments are penetrating as well as amusing, and Pearce has a particularly good feel for Butler's famous "Rabbisms" – such as his subtle suggestion that David Maxwell Fyfe "may have been living proof that Carlyle was wrong to define genius as a transcendent capacity for taking trouble".

The real problems for Butler were his innocence, his failure to cultivate a backbench following, his expectation that promotion would follow merit at the end of his career as it had at the beginning, and the sheer impossibility of his curbing his tongue when a donnish witticism was on its tip. The Conservative benches in 1957 and 1963 were packed with people whom Rab had wounded and with those who felt that he thought himself superior to the mere lobby-fodder. And, of course, there was the carefully-disguised hatred of Macmillan.

THE LOST LEADERS: THE BEST PRIME MINISTERS WE NEVER HAD
by Edward Pearce
Little, Brown £18.99, 385 pages

Healey, like Butler, was a government man, and one *whose assumed public man*ner hid more than it revealed. It was convenient to appear as a bruiser, an intellectual bully and an employer of Anglo-Saxon nouns, but this both belied a highly refined artistic sensibility and suggested a propensity for a political punch-up that did him no good at all when Labour needed a uniting leader in the early 1980s. The left saw him as an unreconstructed cold warrior, while the right distrusted his ability to live up to the Gaitskellite test of a man who would "fight and fight again".

Healey, like Butler, has a good claim to be included in the handful of Britain's ablest senior ministers of the post-war era but, despite a *deep commitment to the* Labour Party, he too gave the impression that cultivating a following was somehow beneath him, so that for years he handed out insults to colleagues with cheerful disregard for the effect on his own future.

Iain Macleod was really a different story, for he had actually done very little in office (nothing comparable to Butler at the Exchequer and the Home Office, or *Healey at Defence and the* Exchequer) before his early death stopped him doing more. There were those who thought (as Enoch Powell pointed out on television on the very day of Macleod's death) that his qualities were essentially ephemeral, and that four years at the Treasury would have exposed his shallowness. His earlier service, even the courageous stand for decolonisation in Africa against the party's right wing, was substantially a case of doing what his departments wanted to do anyway – acting (as John Vaizey once put it) as the effective spokesman for policy rather than its real shaper.

For Macleod, too, was essentially a government man – despite his successes at party conferences and on television. He breezily announced, on reaching the Treasury in 1970, that his officials need not study what he had said in Opposition for *it was the future that mat*tered. Alas, he had no future in that major role, and so the case, despite Pearce's fervent advocacy, must surely remain unproven.

The cumulative impact of these three cases is to suggest that British political parties were not good at getting the best men into the top job: low-political rather than leadership qualities seem to count most when the chips are down. We might wonder, though, if the subtitle of the book is quite fair. Herbert Morrison was originally to be included *among Pearce's best-we-nev*er-had; his deletion is no great loss, but surely Hugh Gaitskell deserves more consideration for inclusion in the almost-pantheon – even though, in 1955, he made "an intolerant and self-righteous speech and Gaitskell, on a bad day, was capable of doing justice to both adjectives".

Nevertheless, this is a book that stimulatingly challenges easy assumptions and is written in Pearce's best provocative-columnist style. It is a book saturated in the British verbal culture that his three heroes all so admired (I noted four or five visible and submerged quotations from *King Lear*, but there are doubtless far more than that; among the best is *"Let fulmination thrive"*, as a description of the Tory right's response to decolonisation in India). Pearce's tribute to them is on the whole deserved – "What fools we were not to choose Denis", as even the Labour left soon discovered – but he has certainly written a book which all three would have got much pleasure from reading.

Travel in the slow lane

Christian Tyler on one man's spiritual pilgrimage

After more than 20 years reporting the Far East for *Der Spiegel*, Tiziano Terzani decided to view his patch from another angle. In fact, he came down to earth.

Taking as his pretext the 17-year-old warning of a Hong Kong fortune-teller, and with his employers' consent, Terzani decided to give up air travel altogether for the whole of 1993.

Now every traveller knows that flying about the world is no fun. Every serious traveller knows that the charm of a destination is proportional to the time and energy invested in getting there. "Travel is an art, and one must practise it in a relaxed way, *with passion*, with love," Terzani writes. "We must make an effort if we are to enjoy the conquest".

Terzani's caper was not just an experiment in journalistic perspective; it was the well-earned indulgence of a middle-aged man who needed time to make sense of his world. His spiritual pilgrimage, conducted in a spirit of mounting pessimism, ends in Pongyang, northern Thailand, where he takes refuge studying meditation under an American CIA agent turned Buddhist.

On the way, however, he rediscovers the pleasurable frustrations of train travel *and the frisson of border* crossing. At sea, he is at his melancholy best. Sailing from Pulau Pinang to Medan in Sumatra, he reflects on the moral vacuity and materialism of a world which has replaced its leaders, thinkers, artists and poets with – television. Sailing from Bangkok to Kompong Som in Cambodia, he swigs gin into the night with a ship's captain straight out of Somerset Maugham.

The trouble with the Far East, as Terzani discovers, is that most of its cities have ceased to repay a traveller's emotional investment in them. Modernisation has razed them to blank, pseudo-western uniformity. The mysterious Orient is being destroyed; the materialist missionaries of the Chinese diaspora, with their floral shirts, mobile phones and fat wallets in the back pocket, are burying it in concrete. This is a world in which the most potent symbol of democratic *progress is teenage* prostitution.

A FORTUNE-TELLER TOLD ME
by Tiziano Terzani
HarperCollins £18, 375 pages

Even the backwaters of Asia are being polluted. Tourism is arriving in Laos to scrape away the last of that country's aura. Flash photography is erasing the patina of history, neon lights are banishing Asia's mystery.

Wherever he goes, this reporter tries to hear about the old superstitions which still lie close to the surface of ordinary people's lives. Unfortunately, in order to establish the theme of his book, he decides also to consult fortune-tellers all along the way. The taped interviews which he reproduces at such length yield little to interest either the reader or – so it seems – the subject himself.

Terzani's style is clear, direct and engaging. He is a reflective traveller with a keen eye for the ludicrous detail even while his heart is grieving over the land's lost innocence. But his book is too episodic, and rather too long.

That Hong Kong fortune-teller may have saved Terzani's life. In March, 1993, a UN helicopter with 15 journalists on board crashed in Cambodia. The author's colleague from *Der Spiegel* was among them, and survived. "If this episode proved that *everything was written, then* life had no meaning any more. There was no point in living."

Near the beginning of his book Terzani compares life to a river. Even as the waters of one's past are reaching the sea, the waters of one's future have already begun to flow from the peak. Would it be possible to see the whole stream, he asks, if only one could secure a higher vantage point?

A friend called Leopold tells him that travel only makes sense if you come back with an answer in your luggage. It is not clear whether Terzani, now with his wife Angela in New Delhi, did come back with one – unless, of course, the answer is Buddhist meditation, the traditional remedy for those who find life in Asia hard to bear.

The Derry peacemaker

John Hume, a founder and now the leader of the Social Democratic and Labour Party in Northern Ireland and an international politician to whom successive US and European administrations listen, has no instinctive reason to look to Britain for political, spiritual or moral inspiration. For him, the Derry where he was born – and where, 60 years on, he still lives – is not on the fringes of the United Kingdom. He dabbled his childish feet in the streams of Irish Donegal and grew up in the middle of a political and economic world which starts in the US and ends in continental Europe.

Hume sees the roots of *Northern Ireland's political* development from the 1960s as fixed deep into the post-war educational reforms that Britain forced on the Unionist government in Belfast. Those reforms allowed the sort of back street kid he was – the son of an unemployed docker and a jobbing shirt stitcher – to go to schools previously reserved for the wealthy. Education fuelled the civil rights movement and precipitated the fall of the Stormont government.

But the school the boy John attended was an old Catholic foundation, St Columb's Grammar, Derry, and from it he went not to Queen's University, in Belfast, but to St Patrick's College, Maynooth, the Catholic seminary in Ireland. His history and French degree course led him out of the island of Ireland, but to France, not Britain. When he spent his summer holidays in Brittany, learning to feel at home in Europe, he had never been to England .

The Derry of his childhood was a bustling second world war US naval base. Hume's attention would have been caught by America anyway, since so many of Derry's people emigrated there, but the wartime use of the Foyle showed him his home town's strategic importance. The transatlantic economic links he has nurtured since – as a young community politician he modelled his Derry Credit Union on North American lines – are the natural result. As importantly, as the civil rights movement began, his hero was Martin Luther King.

JOHN HUME: A BIOGRAPHY
by Paul Routledge
HarperCollins £20, 320 pages

These influences on Hume, who has spent his adult life trying to broker a political settlement, and the last 13 years trying to broker peace with the IRA, are all in Paul Routledge's comprehensive biography. Routledge clearly likes his subject and the book, although more a history of the times than an analysis of the man, is a sympathetic account of Hume's complex life, commuting between the US, Dublin, Brussels and London trying to make Ireland's Protestants and Catholics discover their shared interests.

Its serious weakness, however, as an assessment of Hume, is that Routledge writes from Westminster. The Westminster perspective is clear from the front cover – John Hume in the House of Commons – and from the opening story, an anecdote from Lord Fitt.

Gerry Fitt is a Belfast man, Westminster orientated, and his distrust of what he sees as Hume's instinctive green nationalism was at the heart of the disagreements which led Fitt to leave the SDLP, of which he was first leader. The Routledge anecdote, improbably, has Hume seeking Fitt's advice about *standing again* for Westminster in this year's general election, or retiring to concentrate on Europe. John Hume sees Britain as vital to any settlement, but as often negative, blocking progress by underwriting Unionist intransigence. Constraining him within a Westminster frame is inevitably a distortion.

The book's other problem is that it ends in the middle, with the IRA ceasefire over, talks not restarted, and Hillary Clinton's personal campaign not thought of, describing Hume in black depression, and losing his US influence.

But finding the right break-off point is impossible for a current history and the book is, none-the-less, a useful reference for understanding the seemingly endless saga of Northern Ireland.

Anne McHardy

ARTS

Scene from the Peking Opera at the Liyuan Theatre: these lurid, cross-dressing, acrobatic evenings attract the tourists but not the music lovers

China changes its tune

Michael Church reports on the growing popularity of western classical music

The British Council in China is about to bring off a coup: it plans to import the Royal Opera to christen an opera house in Shanghai. Covent Garden's *Tosca* will be backed by a Chinese chorus and Chinese technicians: one more sign, if any were needed, of the renaissance which western classical music is enjoying in a city where it flourished before Mao snuffed it out.

That renaissance seems nationwide. Other signs include mezzo Jiang Guan being voted Cardiff Singer of the World; Beijing stampeding for tickets when Pavarotti comes to sing; and a piano being the status-symbol for the pampered Chinese child. For a land where western music was not long ago calibrated in purely negative terms – Debussy being "useless", Schumann "unhealthily introspective" and Beethoven at best "harmless" – this change is dramatic. But is it real, or just skin-deep?

The music-students playing nonstop in my hotel foyer are impressively accomplished, as are the teenage instrumentalists of the Hua Yin Youth Orchestra. None of the middle-class children in this sparky band intend to make music a career, but many will clearly be first-rate amateurs. Dropping in on them practising at the Conservatory with the ebullient Jiang Guan, I find blowers, bangers and scrapers every bit as good as their coevals in London.

I get an upbeat view from conductor Chen Zuohuang, artistic director of the China National Symphony Orchestra (and in his spare time, music director of its counterpart in the Kansas city of Wichita). The middle-class urge to buy pianos betokens a big new audience in the future, he says; sales of his orchestra's first two CDs – 600,000 in one year – indicate the already existing audience. "What strikes me, when we tour the Chinese provinces, is how hungry people are for classical music. Our recent concert in Nanjing was the first in that city's history, and they turned it into a festival. By the time we arrived, every pump-attendant knew about us. It didn't feel like a normal concert – it was from the heart, to the heart. That is what Chinese people love about western classical music, and it goes for my young players too. They're not jaded, as so many are in the west."

But he concedes that western classical music in China has a hard row to hoe. The country has just 20 symphony orchestras – for a population comprising 22 per cent of the entire human race – and many of those only perform sporadically. Funding is the problem: the sudden emergence of a market economy has left state-funded orchestras – and above all opera companies – high and dry, with enough cash for salaries, but not enough to finance productions. Chen balances his books with the aid of money from Exxon, Boeing, General Motors, and sundry firms in Hong Kong.

Some musicians gloomily predict that western classical music will never be truly enshrined in the Chinese consciousness. The flautist Liu Ning, who teaches at Tsinghua University, thinks it can never cross the divide between town and country. "In China it will always be the music of the educated classes. Poor peasants will never understand it. Their music will always be home-grown Chinese."

But what strikes me is the tenacity with which Liu and his friends are fighting for the music they love. Liu's secondary schooling was dominated by Red Guard thugs; and his real education continued at home where his parents secretly taught him to play the "corrupt" music of the west. Chen, too, recalls clandestine studies: "I had to learn music in a totally silent world."

Professor Yang Hongnian is an intense little man with Lisztean locks who receives me flanked by his piano-professor wife and 30-year-old conductor son, Li. Yang the elder had a glittering career as a composer and chorusmaster, but then came the Cultural Revolution, during which he and his wife were forced to work in the fields. When I ask if this brought his musical activities to a halt, he proudly hands me a thick book: *The Art of Choral Training*, which he penned during the long nights of exile. "Because my father lost all that time," explains Li, "he now feels he must work twice as hard to regain it." They play me some recordings of the Children and Young Women's Choir which Yang has created: exhilarating stuff, Kodály with a Chinese tinge. Meanwhile Li, who has just finished his conducting studies in Stuttgart, stresses to me the fact that, along with other musician friends, he has decided to come home. "We believe in the future of classical music in China."

Zhang Xiao Fu is Beijing's leading electronic composer. The years he spent studying in France have left the mark both on his ideas and on the modernist decor in his studio. "Musical life here is more hectic than Paris," he says with an eager smile. "The audience may be small, but it is growing steadily." He was too young to play full part in the Cultural Revolution, but it hit his composer-father hard. "He was forced to work as a lavatory cleaner. And I sided against him. Stress drove him to drink. The whole thing was a catastrophe, but I have no regrets." For heaven's sake, why? "We learned a lot about life in the Cultural Revolution. Far more than those who had not been through it."

There is one challenge which obsesses all these composers and musicologists: defining the relationship between the musics of east and west. Lu Jianqiang, who teaches at Qinghua University, assesses the contenders in forthright terms. "Toru Takemitsu may be regarded by westerners as the quintessence of the east, but to us his music is not truly oriental. Tan Dun may be trying to present oriental culture to the west, but he's become a westerner in the process. At least he's trying."

Lu is a man of mercurial intellect – holding forth as readily on Kafka, Yeats, and Marquez as on Stravinsky, Bartók, and Ligeti – and he is currently writing three books: *Music and Intellectual Values: Causes and Consequences of 20th Century Composition;* and *Chinese Contemporary Music*. "I intend to publish all three simultaneously, to mark the millennium."

But where does the fabled Peking Opera fit into the picture? Is that another way forward? "Not for me," says Jiang Guan. "Its method of voice-production and that of western opera are mutually exclusive: you have to choose one or the other." Beating a path to the Liyuan Theatre, I get a dazzling fix of the lurid, acrobatic, cross-dressed spectacle recently made famous by Chen Kaige's film *Farewell My Concubine*. But I notice that the audience are mostly tourists, albeit Mongolian ones.

Finally I seek out the Zhonghe Theatre, once the temple of Peking Opera but now pathetically fly-blown, where a group of veterans are giving an unstaged matinee for their regulars. What does their star, Li Dong Mei, a lady of still luminous beauty, think of Chin Kaige's film? She hasn't seen it, but offers to do some songs from the opera on which it is based.

Then, accompanied by the traditional band, her fellow troupers take the stage in turn. The lack of costume doesn't matter a jot: this is the real, wild, unearthly thing.

"The best times were the 1950s," says Li Dong Mei afterwards. "Everybody came to see us: we were the height of fashion." As she watches the faithful straggle out of the auditorium, she sighs. "During the Cultural Revolution, nothing old was thought to be any good. That is what killed us." Well, not quite.

Television/**Christopher Dunkley**

Addictive drama

At first sight, *Looking After Jo Jo* seems to be a straightforward addition to what has become an impressively large catalogue of tough urban drama to have originated in Scotland in the past 30 years. The most famous example in the recent past was *Trainspotting*, one of Channel 4's remarkable sequence of cinema successes. Yet over the years the most prolific producer has been BBC Scotland. Only last month it gave us *Bumping The Odds* by Rona Munro, reviewed here on December 6. But the tradition can be traced back via productions such as *The Justice Game*, *Jute City* and *Shoot For The Sun* in the 1980s and 90s to *Just Another Saturday* which won the Prix Italia in 1975.

That was directed by John Mackenzie who has also directed *Looking After Jo Jo* which starts on BBC2 on Monday. Writer Frank Deasy opens the action literally with a bang, as Jo Jo and his mates carry out what *The Sweeney* taught us to call a blag, using their van to rip the wall out of a cigarette warehouse and steal the contents. It looks like a standard example of the sort of violent crime caper which has become so familiar to viewers in the last 30 years. Moreover, Jo Jo is played by Robert Carlyle, now known to us so well from *The Full Monty*, *Trainspotting* and the title role of *Hamish Macbeth*: a somewhat predictable choice, maybe, but he does fit perfectly into the bleak council estate where the action largely takes place.

The sense of familiarity continues. World weary police detectives chase delinquent youths down long concrete balconies of flats. The older villain, Charlie, tries to keep Jo Jo in line. Characters meet in smoke-filled bars and talk to one another in such broad Scots that most viewers will sometimes have difficulty understanding them. There are threatening interviews in police interrogation rooms. Betrayal occurs and the punishment for being revealed as a grass is to be thrown out of your home by your own father into the hands of a vengeful mob. It all reeks authentically of the lower depths which, in late-20th century Britain, seem to be found mainly in high rise flats.

And then slowly, towards the end of the first episode and especially in the course of the second (there are four, of which I have seen two) it starts to become clear that there is a larger ambition at work here. You begin to realise that the date is of central importance. A caption at the beginning states that the action occurs in the early 1980s, and period pop songs serve as mnemonics throughout. None of this seems especially significant, though you do wonder why such care is taken to ensure that you see the news from the Falklands war, the Delorean car scandal, and so on, running on television sets in the background. And you may wonder why each episode ends with a scene dominated by a huge election poster featuring Margaret Thatcher.

Since the story seems to be fairly standard – younger tearaway challenging older for criminal dominance, sub-plot mystery involving death of anti-hero's father, with only Lorraine's obsession with being accepted as a Marilyn Monroe lookalike to add anything unexpected – why not set it in the present? The answer seems to be that this is an attempt to show how the British criminal underworld was transformed from that inhabited by *Dixon of Dock Green* into the drug-driven subculture described so vividly in the novels of Irvine Welsh and seen so often these days in television documentaries.

You feel the point with a jolt in Episode 2 when slick, quick Jo Jo settles back in smiling expectation to sample heroin for the first time. Surely not, you think, not a guy as sharp as Jo Jo, he'd know the dangers only too well. And then you wonder: in 1982? Perhaps not. At that date doctors, some undergraduates, and the middle-class subculture of hippy dropouts, might have seen the effects of horse: but on the council estates around Edinburgh, the narcotic of choice was still a pint of heavy and a whisky chaser. The fascinating question is whether, in Episodes 3 and 4, Deasy and Mackenzie will succeed in sustaining, perhaps even improving, the pace and content of the conventional crime story while showing how drugs caused such a fundamental transformation in the type and amount of crime committed.

Given the talent involved and the standard of the first two episodes, it is well worth taking the time to find out.

Great feats of clay

William Packer on the life and work of potter Bernard Leach

No man this century did more than Bernard Leach to reinvigorate British studio pottery, in both its practice and aesthetic. He it was who first looked to Chinese Song and Korean Yi-dynasty stoneware on the one hand, and to English 17th century slip-ware on the other, and who fused them into a vigorous and authentic native idiom that is with us still.

And no man this century did more than Bernard Leach to encourage the bearded, sandalled, evening-school-going classes to steep themselves to the elbows in wetly whizzing clay, and to sell their erratic wares at the craft-centre on the by-pass. He it was, if anyone, who put the wonky brown mug and gritty plate onto the breakfast table of every sensitive middle-class household. Purist, populist, artist, craftsman: his remains a controversial reputation to this day.

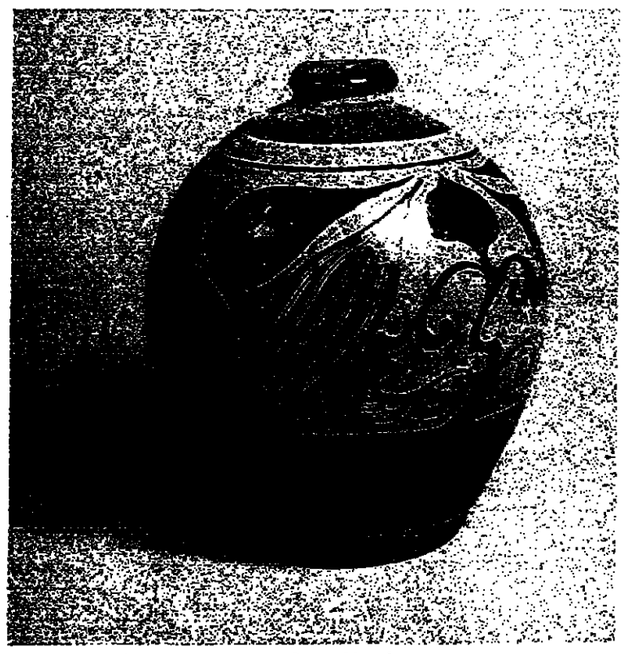
The unkind might say he drifted into his vocation. His mother died at his birth in 1887 and he was sent to his grandparents in Japan. At four he joined his father, a colonial judge, in Hong Kong, and at 10 was sent to school in England. At 16 he went to the Slade where the professor, Henry Tonks, was scarcely encouraging. He left to join a bank but, finding this uncongenial, went to the London School of Art under Frank Brangwyn, who suggested he would be better away from art-school altogether. So in 1909 he went back to Japan, and stayed there for 11 years.

His early influences were various and general – Whistler and current oriental aestheticism, Morris and Arts and Crafts. But it was Japan that truly formed him, first as artist and then as potter. He took to ceramics in 1911 and had Ogata Kenzan VI, a poor but urbane and sophisticated potter, as his first teacher. Yet he long remained more concerned with personal discovery than technical command. "What is it then", he asked himself, "that an amateur may have, and a skilled professional may not? A freer perception of what is alive and true."

Take "artist" for "amateur", and "technician" for "professional", and we have a clearer sense of what Leach actually meant. The irony is that the story of his career and eventual success as a potter is one of constant struggle to attain that very professionalism which he had half-discounted, and with work that moved ever more from the self-consciously unique towards a properly unselfconscious demotic tradition.

In this he was joined by Shoji Hamada, whom he brought to England in 1920 to help set up a pottery at St Ives in Cornwall, then a far from ideal spot: "stone, stone everywhere,, nothing but stone", Hamada recalled, with scant fuel for the kilns, no suitable clay, and the only market for art-ceramic nearly 300 miles away in London.

The decisive shift came in 1929, when Hamada, who had gone back to Japan in 1923, returned on a short visit, bringing not only technical help which Leach still needed, but a more refined idea of what they should be about. The *mingei* philosophy had been still in gestation when Leach had left Japan 10 years before. Now that principle of modest, useful ware, "the unconscious foundation of all real art and beauty", showed the way forward for artist and craftsman as one. It was a question not of abandoning an aesthetic, but of its redirection.



A true artist in his own right: a vase by Bernard Leach

After a return working visit to Japan, fruition and vindication came in the later 1930s with the introduction of Leach "Standard Ware", born of reliable production-line method that Leach would have despised but a few years before, and sold by mail-order. Coming fully into its own only after the war, this range was the triumph not of mass but of careful, limited production. Taken in isolation, with their simple forms, rich, dark glazes and textured surfaces, many items are as covetable as any of the unique and personal pieces of Leach or Hamada himself.

Drawn largely upon Japanese collections, this exhibition tells the whole story, and makes the point that in Japan at least, Leach is rightly celebrated as a true master. Here, where the ceramic tradition is perhaps both more industrial and more diffuse, and the national sensibility anyway less refined, less acute, we have our doubts, even taking Hamada as master, Leach as follower, where Hamada is heard of.

It is not Leach's fault that his authentic creative achievement, the potter standing as artist in his own right, was then betrayed by lesser talents. At his death in 1979, at 92, The Times declared him Britain's greatest potter since Josiah Wedgwood. Perhaps he was; but what is certain is that in him we had a true artist for and of his time. The work looks after itself.

William Packer

Bernard Leach – Potter and Artist: The Crafts Council Gallery, 44a Pentonville Road, Islington N1, until March 29; supported by The Japan Foundation and Japan Airlines.

Theatre

Kidnap farce

Juggling Fiends Theatre Company, an enterprising young troupe, has responded to the recent Nobel Award for Literature to the Italian playwright Dario Fo by staging his 1981 *Klaxons, Trumpets, and Raspberries*. Since I have heard glorious things of this company's earlier work, I wish it well; but I also wish I were making my own first acquaintance with it in another play.

Fo's acid farce is about the politics of political kidnapping, and the four actors give a fast and furious account of it. But the laughs are few and far between. And the audience meanwhile keeps being bashed by the clunking obviousness of both Fo's dramaturgy and his politics. *Klaxons, Trumpets, and Raspberries* feels undergraduate, and makes these young actors seem undergraduate too.

Rosa Berardi, a silly and noisy cartoon of a woman, is asked by idiotic doctors to identify a seriously disfigured man – found after a violent car accident – as her estranged husband Antonio before they perform plastic surgery on him. Soon, however, we discover that Antonio, a worker in the Fiat factory, is actually in hiding. The man whom she and the doctors assume to be Antonio – and who is now reconstructed in Antonio's image – is in fact the super-rich business magnate Gianni Agnelli, victim of a recent kidnapping, but involved in secret negotiations with both terrorists and the government.

The same actor (Robert Thorogood) therefore plays both Antonio and Agnelli, which would be more fun if Fo was as skilful as numerous other playwrights (Plautus, Shakespeare, Goldoni) in getting his characters offstage and on, and if the other actors were not also playing other roles too. The hard-working Thorogood is engaging, and Madeleine Bamford, as Rosa, becomes funny as her character becomes more nearly three-dimensional. Mark Evans, however, contributes the evening's most eagerly callow undergraduate playing as both Doctor and Inspector.

The translation is by Jonathan Dryden Taylor, who has made the awkward decision to float the play somewhere between 1981 Italy and today's Blairite Britain. When an Italian magnate is made to say suddenly, "If Bernie Ecclestone can buy the British government, just think what a real capitalist can do," he may be together with Fo in spirit, but his British audience is simply lost. Still, had he left things wholly in 1981 Italy, the play – based on the Aldo Moro case – would probably seem more dated yet. There is surely a good reason why we have seen so little of Fo's work in Britain. For the Fo-curious, however, a new production of his *Accidental Death of an Anarchist* arrives at the BAC at the end of this month.

Alastair Macaulay

At the Gate Theatre, London W11 until January 31 (0171-229 5387)

Culture rather than crime

Lynn MacRitchie visits an exciting new contemporary art complex in the heart of Palermo

The restaurant is new, noisy, packed: the crowd is young, fashionable, dressed to impress. The bar could be anywhere in Europe where the young flock to have a good time. But Bar Cuba is in Palermo, a city once in thrall to the Mafia, which makes its very existence something of a miracle. "Two years ago, there was nowhere like this. No-one went out at night. Everyone was afraid," Paolo Falcone and his partner Shobha yells to me over the din. "In the last year alone, more than a hundred bars and clubs have opened here. Its wonderful."

Palermitans both, they love their city. And now, as moving spirits behind a daring initiative to win it a place on the international map of contemporary art, they are playing a key role in transforming their home from "a place of darkness to a place of light," in the words of Leoluca Orlando, the city's mayor, famed for his courageous and continuing fight against the Mafia. "Now that we have got the hard men behind bars," he told me, "we have to fight another way. We have to fight with culture."

With this in mind, just over two years ago, the city bought the land and derelict workshops of La Zisa, an industrial complex originally established last century to make furniture from the designs of Giovanni Basile, the architect of Palermo's famed Teatro Massimo. With the support of Mayor Orlando, Paolo Falcone and others are working to turn La Zisa into a "Cantieri Culturali," transforming its 20 or so workshops into exhibition and performance spaces and a library. Renovation work is carried out by teams recruited by the municipal authorities from former prisoners just finished serving sentences for Mafia-related crimes. Falcone is impressed with their enthusiasm: "They work hard because they love what they are doing."

Active as a curator of contemporary art for some 10 years, Falcone had an established track record of mounting successful exhibitions – including bringing Gilbert and George and Richard Long to Rome and Jannis Kounnellis to Palermo – which has allowed him to attract some of Europe's best artists to La Zisa. After the opening exhibition, which featured British artists Langlands and Bell, Falcone, in an initiative co-curated with his long-time associate Mario Codognato, invited Richard Long to exhibit at La Zisa. In response, the artist made one of his celebrated walks across the island, covering the 120 kilometres between Palermo and Agrigento in two days. The result is two installations, "Sicilian Hand Mud Circle", made from mud from Sciacca near Agrigento and "Circle of Life," the biggest stone circle Long has ever made, constructed from *perlatino di Sicilia*, the unique, marble-like stone found at Costonari.

"Palermo knew nothing about contemporary art," Falcone explained, "so we decided just to begin, to start immediately. People can readily form a relationship with Richard Long's work because of its link to nature, and to human nature, too." This emphasis on immediacy appeals to Mayor Orlando. "For us, it is too late to build a museum for contemporary art," he told me. In fact, the city already has one – a collection of 19th- and early-20th century paintings housed in the upper galleries of the Teatro Politeama, to which, before the arrival of a school party, I had been that morning's only visitor. "We want La Zisa to be like an airport for contemporary art," he went on. "We can be a stopping off point, where the best art in the world drops in for a while."

Now, visitors to La Zisa are greeted by the scent of fresh straw and the sound of clucking from a white-washed pavilion, where, behind a curved fibreglass wall embossed with egg shapes and lined with two way mirrors, 42 chickens are scratching about. With its old-fashioned nesting baskets and sturdy perching bars, this ideal home for hens is in fact an art work by the German duo Rosemarie Trockel and Carsten Holler, who at last summer's *Documenta* exhibition in Kassel created a similarly cosy environment for a family of pigs. Giacomo, a tough Sicilian farmer turned chicken keeper for the duration of the show, greets me with a hard boiled egg – one of 20 or 30 laid each day – and glass of wine.

"The piece is to do with dignity, of chickens and of people..." Falcone explains. "At first we thought we would get an old breed of Sicilian chickens, then we thought of releasing some from a battery and that it is what we did. When they arrived they were nervous, but now they are happy picking in the straw..." Three thousand visitors came in the first 10 days of the Richard Long show, and a steady stream of schoolchildren and Palermo ladies were making their way to admire the chickens on the afternoon I visited.

As well as support from the city, Falcone has also set up a group of independent sponsors, young business people willing to support contemporary art. "At the first exhibition, they said, 'what is it?' Now they are learning the language."

The site is not just a dropping-in place for the elite of the international art world: one space is devoted to the work of young Sicilian artists, and students from the art school in Palermo help out with the exhibitions. Catherine David, director of *Documenta*, has visited both La Zisa and the art college, where she held a seminar with the students.

But how does all this investment in culture play with the residents of La Kalsa, the city's oldest, poorest area, still a scary place to be wandering when the sun goes down? "The people of La Kalsa are the soul of Palermo," Mayor Orlando told me. We were talking in his house, late at night. Once forced never to sleep in the same place two nights running, the mayor now lives at home again, and seems relaxed, despite the bodyguards, the police car which blocks the entrance to his driveway, the state-of-the-art video surveillance...

"The people of the Kalsa made a film, a musical joking about the Mafia... Ten years ago if I said the word, they pretended not to know me. Palermo is changing, and the people of Palermo now think that change is possible," he continued.

"If I want to fight the Mafia bosses, I must take their place. Territorial control is not enough, you must take psychological control, develop the role of schools, of education, of culture – culture lets you be free..."

Giacomo, who looks after the chickens in Rosemarie Trockel and Carsten Holler's art work in the new 'Cantieri Culturali' at La Zisa

Richard Long, "Circle of Life" and "Sicilian Mud Circle" until January 15, Carsten Holler and Rosemarie Trockel, "Addina" until January 29. Cantieri Culturali alla Zisa, Via P Gigli 4, 90100 Palermo. Open Thursday-Sunday, 10-7pm. Sponsored by Planeta Wines.

Off the wall/**Antony Thorncroft**

Equal misery for all

Next Wednesday the Arts Council of England will hold one of the most crucial meetings in its 52 years of existence. It will have to divide up a niggardly £184.6m in subsidy among its clients, 165 cash-starved arts companies.

Last month culture secretary Chris Smith kept to the previous government's spending limits, and cut the council's grant by £1.5m. In real terms, its annual subsidy has fallen by £42m over six years. The inevitable result has been spiralling deficits for most English arts organisations.

The council must decide whether to keep with its traditional policy of misery for all – giving its clients, at the best, frozen grants for 1998-99 – or be decisive, rewarding effective and imaginative arts companies with extra money, and cutting the grants to the stale and uninspired.

A few months ago the council was steeling itself to pick winners and losers, but because the government *delayed announcing* the budget to just before Christmas, it now feels that it would be too ruthless to cut grants to clients just two months before the money was due to be handed over. The easy option, equal misery for all, once again seems to be the favoured approach, with the hope that by the summer, the planned changes to the lottery act may enable the council to switch more of its annual £230m in lottery money into a disguised form of revenue funding.

But while the council might be ducking hard choices, one of its major clients, the London Arts Board, which should receive £14m next week, is showing more *chutzpah*. Under brave new chairman Trevor Phillips, it has decided to make choices, especially in its grants for drama and the visual arts.

The main victims among theatres – Greenwich, the Gate, and the King's Head – are mounting vigorous campaigns to force a re-think on the LAB. The Gate looks like getting some kind of financial reprieve; the King's Head will be expected to survive on the friendship of sponsors and West End transfers; and Greenwich Council is being pressured into keeping its theatre open.

The justification for this blood-letting is sound. The LAB wants to release £500,000 to reward drama companies that have excelled recently, such as the Almeida and the Young Vic, and to take on new clients, like the imaginative Bridewell, which has created a popular niche by promoting music theatre. But the LAB might find it hard to explain why it believes that the Lyric Hammersmith, tipped to get additional money, has performed more effectively over the past year than Greenwich, set to lose £191,000.

If it looks bleak for the arts it is even more depressing for the heritage industry, which must be aware by now that the government regards it as a low priority. English Heritage has had its grant cut by £2m, to £102.1m, while the National Heritage Memorial Fund, created to honour the British war dead, is being phased out, its budget shrunk from £5m to £2m.

The museums have done little better, apart from the British Museum, which has been given a fall back grant of an extra £1m in return for postponing a decision on admission charges, and the Tate, which can call on another £300,000. The government seems to have swallowed the case for museum charges and is now attempting to win over the doubters, including the chairmen of the national museums. By the time the lottery-financed millennial improvements to museums have been completed, all the UK's museums will be charging for entry, with the possible exception of the National Gallery.

★

Meanwhile, the great job hunt continues. By the time that the Arts Council meets on Wednesday it should have a new chairman to succeed Lord Gowrie, and next week the Royal Opera House Covent Garden hopes to announce its new chairman, and at least some of its new board.

Only three of the previous trustees, who all resigned along with former chairman Lord Chadlington in December, have been asked to continue – Mrs Vivien Duffield, Michael Berkeley and Robert Gavron. Given the uncertainty over its future, Chris Smith is finding it hard to find experienced volunteers.

It might be even harder if Covent Garden's opera director, Nicholas Payne, jumps ship to run the English National Opera. He is believed to be the favoured candidate, alongside ex-Scottish Opera boss, Richard Jarman.

Single-minded modernist

David Murray on the career of US composer Elliott Carter, 90 this year

Music critics know all about living composers' anniversaries, because their publishers take assiduous care to remind us.

There is, however, a 1998 birthday that imposes itself, in virtue of being a "natural" landmark in a long, distinguished, still unflaggingly creative career. The American composer Elliott Carter was born the day after Olivier Messiaen: December 11, 1908. Where Messiaen happened to share his birthdate with César Franck, a satisfying match, Carter shares his with Berlioz (who could with a bit of luck have been looking forward to his 195th birthday now) – a less convincing astrological twin.

In their respective times both Berlioz and Carter have been accounted "avant-garde"; but Berlioz experimented above all with sonorities and musico-dramatic sequences, in which "postmodernist" parodies, pastiches and references played no less of a part than the purely musical novelties. By contrast, Carter has been a single-minded, ground-breaking modernist for some 50 of his past 89 years.

That, and the fact that alert musicians everywhere have found his music both revelatory and chastening, explains why his 90th birthday is an occasion for grateful awe. There has been nobody quite like him, and he still goes on, perpetually fresh, inventive and cogent.

Carter was born into a successful family firm in New York. His father was a well-to-do lace importer and there were regular business trips to Europe with the family – young Elliott spoke French before he could read English; but no familial interest whatever in music. His parents were unsympathetic, and reacted to his acquisition of a piano-roll version of Stravinsky's *Rite of Spring* by selling off their player-piano.

They were still more dismayed when, after his Harvard degrees, he announced that he was going to study with Nadia Boulanger in Paris, where he mainly studied counterpoint, the art of working linear strands together, with close attention to Bach, older French work and English madrigals. He was already *au fait* with new developments in European and American music; at the age of 16 he had been introduced to Charles Ives, and for eight years was a kind of *protégé* until he departed for France. Back in the US again, he explored many current trends in his compositions before and during the second world war, both as a composer and as a regular music critic. His 1944 *Holiday Overture* was revived last summer at the Proms: diatonic and breezily American on the surface, but disconcertingly intricate and clever in its workings-out.

In 1946 he wrote a grand Piano Sonata which has kept a place in the repertoire – palpably *American* music (partly an *hommage* to Aaron Copland's elevated sonata), but vibrant also with signs of the mature Carter to come. A cello-and-piano Sonata followed in 1948, and then his Sonata for flute, oboe, cello and harpsichord. In these the fully-fledged radical, laser-focused Carter appeared for the first time; he began to wrench our ears toward hearing music in a new perspective.

With hindsight I should urge new listeners to start by hearing two or all three of those approachable works. For many of us oldies, however, it was Carter's 1951 String Quartet that left us amazed, excited and exhausted when the Walden Quartet's LP began to circulate in Europe in the late 1950s, though few of us then knew any of his earlier music.

What was it about that quartet, and most of his music since, that grabbed us so hard? The intense polyphony, I think: multi-voiced writing in which the voices were sharply individual and independent as never before, and yet maintained a cogent colloquy. What he was did was to realise the ideal of the Viennese dodecaphonists (and the later "serialists"): music in which the notes would be heard "as related only to one another", not to overriding major/minor keys and their natural cadences. In short, robust atonalism, to which 19th- and early 20th-century chromatic music pointed inexorably; but without Schoenberg's "twelve-note" numerology, which aimed to ensure the atonal "democracy of notes" by somewhat arbitrary rules.

Carter has never embraced any system. Instead of devising different rules, Carter composed radically different examples. Polyphony in tonal music always presupposed a common metre, a fairly homogeneous writing in all the parts, and of course a common key. Carter's new conception was of "metrical modulation" (which he now prefers to call "tempo modulation").

The members of a string quartet, the different sections of an orchestra, or two or three distinct orchestras could answer to a common beat, precisely calculated, whilst preserving their own distinct and variable pulses – different rhythms, speeds, diction, colours. As one pulse or another is made to predominate, the perceived tempo modulates without a literal change in anybody's speed.

Given this way of guaranteeing continuity, the composer can make the individual parts or voices wildly disparate, as Carter so often loves to do. It makes a terrific athletic exercise for the ear: you have to hear and follow separate but simultaneous monologues. In Carter's music, the rewards of persevering usually justify the effort. What sounds at first like a teeming thicket of sound discloses pathways, pithy arguments, a satisfying sense.

There is a lot of Carter to be heard in his 90th year. His recent clarinet concerto gets its British premiere this month by the London Sinfonietta; Boulez conducts the *Three Occasions for Orchestra* at the Barbican in March; and in Manchester, where the International Society for Contemporary Music will hold its annual fest in April, the three movements of his new *Symphonia* will be played together for the first time. There will be much more. Meanwhile Carter, who looks like a cherubic 60-year-old, is working at his first opera...

Elliott Carter: teeming thickets of sound disclose pathways and pithy arguments

Radio/**Martin Hoyle**

Serious humour

Frank Muir died last week. He will be missed. As a performer he added wit to the frequent whimsy of such programmes as *My Word* and *My Music*. On radio his persona was that of the gentleman amateur, the slightly bemused dilettante, but behind the façade was a fierce professionalism. As a writer he produced some of radio's finest comedy, starting with *Take It from Here*, in conjunction with Dennis Norden. Both deserved better than to have *Hancock's Half-Hour* attributed to them in a Radio 4 news bulletin – something that will come as a surprise to Ray Galton and Alan Simpson. If the BBC is too incompetent to chart its own glories, why should anyone else bother?

But then clangers abounded as the old year withered and died. Some of them were major – the unscheduled afternoon placing of the Queen's Christmas broadcast on Radio 4 and subsequent last-minute programme-juggling: if it was so important why not schedule it in the first place? Some were irritating for the inefficiency revealed: the last-minute cancellation of a Roald Dahl story because the corporation suddenly discovered it did not have the rights. Typically, this explanation was winkled out of the powers that precariously be only after a flood of letters to *Feedback* (never *ever* drop this programme). Some hiccups resulted from the apparent lack of anyone taking an overall view of what is actually being broadcast over a period of time. Thus admirers of Beryl Bainbridge's short story *Clap Hands, Here Comes Charlie* could enjoy Polly James reading it in *Woman's Hour* on December 23, having equally enjoyed June Barrie reading it late-night on December 20, that reading itself being a repeat from the previous week. While the controller is upstairs "changing the schedules" as he calls it, is anyone minding the shop? Does anyone supervise the day-to-day smooth running of Radio 4 – let alone the other channels – to ensure a basic professionalism?

Nobody from *Masterbrain*, that's for sure, though as ever these allegedly egghead bunfights (this was an amalgam of *Brain of Britain* and *Mastermind*) are less "the intellectual championship of the world" in Robert Robinson's words, than a test of magpie memory. Robinson and his voiceless puppet-master distinguished themselves by disallowing an answer from a lady who plainly knew what "mancipie" was, while bending over backwards to give full marks to a half-right answer from the eventual winner. Can't they even pretend it's worth doing seriously?

Nothing is more serious than humour, and *Radio 4* came up with a winner in Armando Iannucci's *Facts and Fancies* in a brief morning slot. Iannucci is the producer behind such hits as *On the Hour*, Alan Partridge and TV's *Friday Armistice*. He takes humour very seriously indeed, to brilliant effect. *Facts and Fancies* were ruminations that combined logic and fantasy in the best tradition: a touch of Frayn, a mad dash of Beachcomber. Perhaps the masterpiece was *A Life at the Opera*. Too articulate to be termed stream of consciousness, this was an exquisitely pieced-together mosaic of associations occurring to someone sitting through a production of *Tristan und Isolde*, Act 1 set in a sauna, Act 2 in the American mid-west (how many ENO productions has Iannucci seen?). He mused on other members of the audience, their lives and the lives touched by them, going off at tangents, returning... Thus the theatre's boxes that entail watching everything at an angle of 79 degrees prompted the chain of thought that the Queen may be used to seeing things at right-angles; so is her right ear bigger than her left? Odd things, ears: shaped like Ireland, better than being shaped like Egypt; and Scotland was shaped like the shattered head of John F. Kennedy... The seamless flow, sparked by the mental equivalent of the split-screen technique, nevertheless managed to wrap everything up tidily. Iannucci is a genuine original, a rarity in such a well-tilled field as logical nonsense. Which brings us back to BBC management...

FOOD AND DRINK

Game ideas from London chefs

George Dorgan considers the new creativity which cooks are bringing to traditional British produce

Cold weather brings out the best in chefs, perhaps because it is the time of year when they have the most appreciative audience. It is, of course, the time for game but for many people it is too strong, and chefs who know this have looked at lighter ways of dealing with it.

At the same time, light, summery fish dishes are not really satisfying when the temperature plummets and the skies are grey, so chefs are going for gutsy, meaty fish ideas. Some really interesting dishes combine them both.

Eric Chavot is chef at Chavot (formerly Fulham Road), in London, and when I first saw his signature dish on the menu – a leg of rabbit stuffed with barley risotto and squid – my immediate reaction was that it was the last thing I wanted to taste. However, when I ate it, I realised it was an inspired combination devised by someone who sees beyond the obvious.

He believes in using meat stocks with his fish, generally a combination of chicken and veal, and for sauces, he likes to sharpen the taste with just a bit of vinegar because it gives balance and depth. For example, slowly roasted cod with crispy skin on a salad of lentils with veal *jus* sharpened with vinegar.

"It's not a sauce, it's not sticky, but it is reduced a bit," he says. As a sauce base for other fish dishes he has used caramelised shallots deglazed with a bit of vinegar, veal stock and chicken stock, reduced to the right consistency. And he will usually do cod as tournedos – just as if it were beef – with a garnish of mushrooms, shallots and lardons, on a bed of lentils.

For his roasted monkfish with capers and saffron vinaigrette, he prepares the monkfish as if it were a gigot of lamb, by pushing the meat down the central bone, braises it and serves with couscous on a bed of spinach which is topped with polenta grissini.

For the cous-cous, he uses a Thai spice mix like five-spice powder, lime juice and coriander, adding sultanas and almonds for the contrast they give to the vinaigrette and capers. This is fish that needs red wine as a partner.

Richard Corrigan has been chef at Fulham Road and is now installed in Lindsay House in Soho, London, and shares Chavot's feel for fish and meat combinations. Corrigan says he takes inspiration from Catalan cooks. One of his popular dishes is a jelly of skate with pig's feet, aubergine and sweet pepper flavoured with marjoram. He poaches the skate in bouillon, removes the fish from the bones, adds a bit of coriander and pours the poaching liquid over the fish, and this becomes a nice fish jelly. The trotters are poached until they fall apart and the meat gets taken off the bones.

The aubergine is roasted whole in a hot oven, pricked with a fork, and the skin discarded. The same process applies to the peppers, which are then diced. The aubergine, peppers and pig's feet with sherry vinegar and good Spanish olive oil are mixed together. The skate is put in the oven to warm (keeping the juice that melts, to be added to *jus de veau*). The skate is plated with a bit of aubergine/pig's foot on top and napped with sauce.

Corrigan also does this with langoustines and says it is sensational with lobster.

Emmanuel Renault bought a taste of the mountains of his native Haut Savoie to Claridge's restaurant during his stay in London, combining rustic simplicity with the sophisticated understanding of a Michelin-starred chef. In his short time in the capital, he made many fans but returned to the winter resort

> 'When we open the cocotte at the table the customer gets the beautiful smell of the forest'

of Megève at the beginning of last month to open his own restaurant.

He rethought all aspects of cooking and even his ideas on basic technique seem revolutionary. He makes his stocks with meat – not bones – because he wants a thin consistency and bakes it in a sealed pot instead of boiling it, to keep all the aromas.

He treats game in a similar way, with results so light and aromatic it would convert most who profess to dislike it.

With a few exceptions, such as wild boar, he does not believe in hanging game, certainly not the birds. These get 10 minutes of hot roasting to colour them and are then cooked *en cocotte* with vegetable stock, resting on a thick piece of pine bark (instead of a steamer tray), with a few pine cones thrown in as well for the aroma.

"When we open the cocotte at the table," Renault says, "the customer gets the beautiful smell of the forest." As a sauce for grey partridge, he adds a bit of very reduced port to the roasting *jus*; for mallard, a sauce of rocket cooked in stock with a bit of milk, with mildly spiced raisin and blueberry chutney. He will cook venison in a similar way, with a lettuce sauce.

Just as he reduces the heartiness of game, he likes to emphasise the heartiness of fish. He serves roast fillet of sea bass with herbs and serves it with a sauce of puréed cepes, along with roast potatoes and a fondue of cabbage with leeks and bacon.

"I could just take out the sea bass and put venison in its place because the treatment is very much like meat," he says. "But that's in character with the fish's texture." He also cooks zander with a pistachio crust, shallots, red wine and a little light veal stock. "I don't believe in too many complex flavours, you kill a dish by having too many tastes. Keep it delicate, instead."

Chris Oakes, chef at the Stafford in St James's, likes meaty treatments of fish and takes red mullet fillets from a 3lb fish "so they're like steak, very chunky, very rich and can take lots of strong flavours," he says.

They get braised in white wine and butter, covered, in a slow oven, and served on a bed of spinach flavoured with nutmeg topped with shallot, red wine and cassis dressing. The taste is strong, almost fatty, and really goes with red wine.

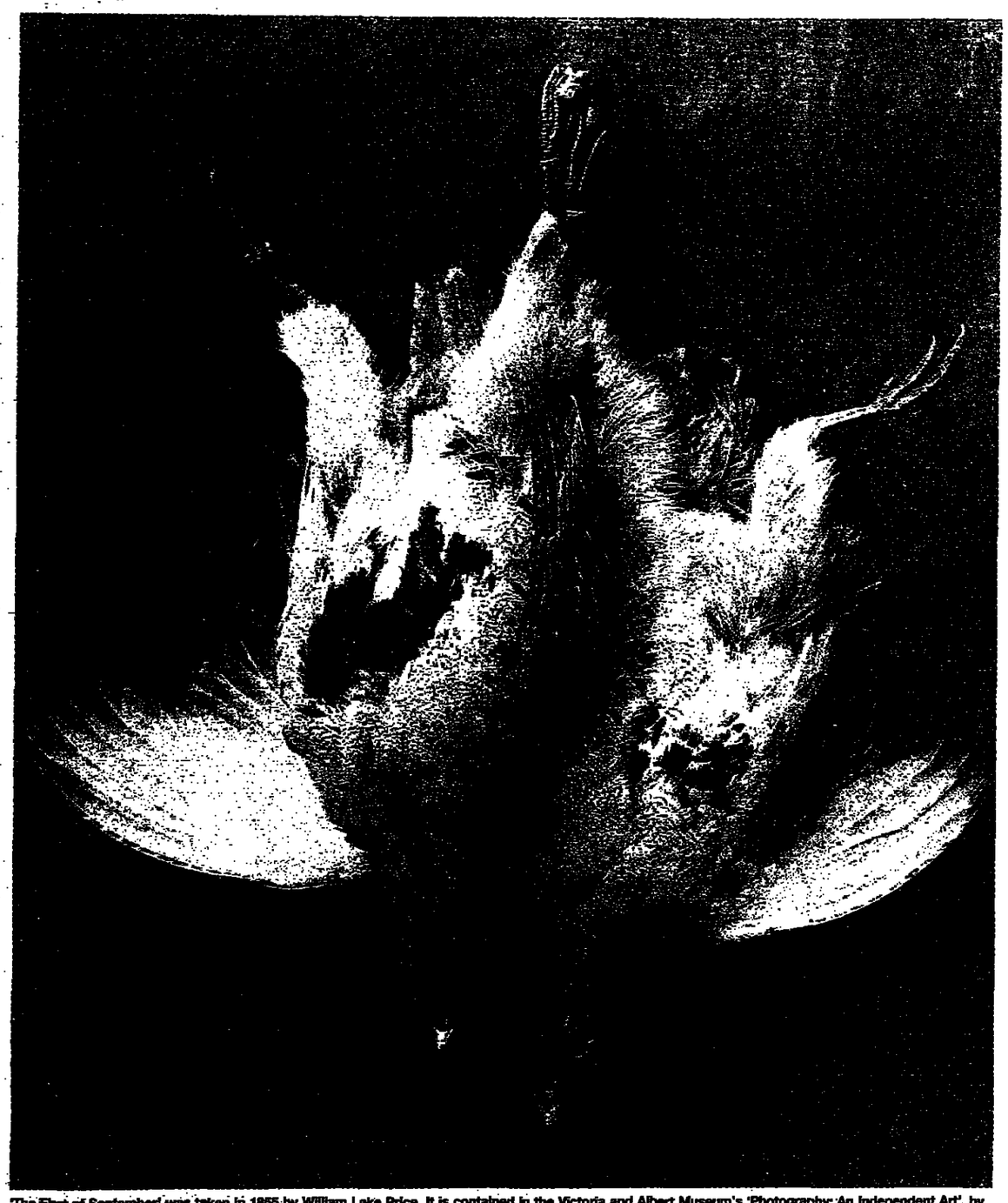
Ross Hayden is chef at Wilton's, an institution on Jermyn Street for more than 150 years and famous for traditional fish and game. He stresses the importance of buying well. With feathered game, the size of the feet and claws tells all, Hayden says. "Big feet with tough, inflexible claws means it's an old bird."

Hayden also is not enthusiastic about hanging game, with the exception of woodcock, which can be hung for up to five days – "but no more, because you serve it with the entrails and you don't want it too high".

Venison can be hung to tenderise it, but this will also bring out the gamy flavour; hare should not be hung at all. Both, he believes, benefit from marinating 48 hours in red wine which has been cooked 15 minutes with vegetables, herbs, juniper and cinnamon.

Game should be cooked in the hottest possible oven for the shortest possible period of time, according to Hayden. First season, then seal in clarified butter. Birds need lard tied over their breasts and get cooked breasts up; five minutes before the end of cooking time, take off the lard to let the breasts brown. Saddles of hare and venison only need five minutes in a hot oven.

Finally, *always* rest the meat for five to 10 minutes before carving and serving.



'The First of September' was taken in 1855 by William Lake Price. It is contained in the Victoria and Albert Museum's 'Photography: An Independent Art', by Mark Haworth Booth, which features 100 of the museum's most famous photos (V & A; £30, 208 pages)

The tantalising and tasteful

Sue Style looks at Alsace, a region sumptuously well-provided for in fur and feather

Almost the first thing you are aware of as you approach Alsace on the Paris to Strasbourg motorway is a sign indicating the *passerelle gibier*, a covered bridge suspended high above the road. Its purpose is to allow roe deer and wild boar to trot across in safety.

History does not relate if a solitary marksman is patiently waiting on the other side in his high seat. But the scene is set, and the seed is sown of the idea that game may well be on the menu at journey's end.

In your mind's eye is the typical Alsatian inn, half-timbered, cosily lit. From the kitchen come tantalising smells of rich venison stews, dishes of red cabbage and robust red wines.

Alsace is indeed one of France's most intensely game-rich regions. The fact that shooting here has been strictly regulated along German lines for more than a century is frequently cited as the main reason for this happy state of affairs.

Permits are granted to individuals (rather than to guns) following a strict written and practical exam; there is a clear emphasis on culling and conservation.

Shoots are owned by the village (less often privately) and let to syndicates on nine-year leases, the latter being bid for at auction.

The Vosges are well-stocked with wild boar *(marcassin* when young, *sanglier* if older), roe and red deer *(chevreuil, cerf)*. The fertile plains and the watery marshlands of the Ill and the Rhine are home to pheasant, partridge, the occasional snipe and steadily diminishing numbers of hares.

At the Cheval Blanc at Lembach, on the edge of the *Parc Regional des Vosges du Nord*, chef Fernand Mischler is rightly renowned for his game dishes. There, in the great barontial dining room where a log fire crackles and burns, is a choice of venison medallions with an intense, piquant sauce based on raspberries, blackcurrants and redcurrants, blackberries, sour cherries and raw beetroot sharpened with Dijon mustard, or breast of wild duck with grapes, the legs braised in marc de gewurztraminer.

The excellent Alsace tradition of partnering pheasant with *choucroute* is also honoured there.

For those desperate for ideas on how to deal with yet another pile of pheasants at the back

> There is a sparkling, jellied terrine of poached pheasant and foie gras

door, Mischler and his brigade give lively two-day courses in game cooking in the restaurant kitchens. Pupils include keen amateur cooks, semi-professionals and the occasional shooting widow.

On the course I attended, one student was a woman who had done herself untold damage by plunging backwards with her rifle and who had decided to opt for the relative safety of the kitchen.

Not far away, in Marlenheim, is the aptly named Hostellerie du Cerf (The Stag Hotel). This quintessential, family-run, Alsace inn specialises in the winter months in a number of exquisite game dishes. Besides the classic, inkily sauced *lièvre la royale*, there are newer creations such as a saddle of hare with a quince purée, tiny cabbage parcels of *choucroute* and spätzle – squiggles of gnocchi-like pasta, which are essential to any well-dressed game dish in the Rhineland. Another novelty this season consists of medallions of succulent young red deer with a superb sauce based on redcurrants with a shot of horseradish.

Further south are a couple of rising stars who are doing fine things with game. At the Hostellerie Paulus, in Landser near Mulhouse, chef Herv Paulus has devised a dish consisting of saddle of venison with three variations on the pumpkin theme: crisps, purée and a sauce, as well as a near-irresistible warm partridge dish redolent with truffles, and served with crunchy green cabbage and *trompettes de la mort* (horns of plenty).

Down in the Sundgau, the southernmost part of Alsace, chef Emanuel Lambelin, formerly of the Buerehiesel in Strasbourg, is well into the saddle at the Ancienne Forge in Hagenthal close to Basle.

Proceedings open with a sparkling, jellied terrine of poached pheasant and *foie gras* garnished with various preserves put up by the chef at the beginning of the season – mountain cranberries, pickled mushrooms, chestnuts, figs and walnuts.

Main courses include an original presentation of roast wild duck: the legs are boned and made into *Fleischschmacka*, a typically Alsatian garnish consisting (here) of a game-based stuffing rolled up, snail-style *(Schnacka)*, in fine pasta. The breast is pinkly roasted, a rich sauce is made with the bones and the whole is served with red cabbage.

Or you could try the house version of *lièvre la royale* for which the saddle and thighs of hare are boned out and marinated for a day, a farce is made from the remaining meat and enriched with *foie gras* and truffles, the whole is assembled into a bolster, rolled up and gently poached for fully four hours.

A port that left me speechless

Nicholas Woodsworth begins to understand a long-time British infatuation

A divine luminary I certainly am not. But recently, sitting in quiet contemplation by the archbishop's palace and the great Gothic cathedral of Oporto, I had a vision.

From the terrace steps where I sat, I could see Oporto's steep hillsides running down to the Douro River. To one side of me sat the mouth of the river and the grey Atlantic. To the other, lay a narrow gorge and the Douro's long, winding path to the Spanish border. But straight ahead, across the water, my gaze fell upon scores of long, low warehouses. On the crests of their red-tiled roofs stood names formed in large white letters.

Warre, Dow's, Cockburn's, Croft, Graham's, Fonseca, Taylor's, Ferreira, Burmester, Sandeman... the letters receded up the far hill into illegibility. Concentrated before me, in fact, was just about every famous name in the world of port wine.

This was a sign, indeed. Without further hesitation, I made my way down the hill, across the river, and into the warehouse-lined alleys of Vila Nova de Gaia, the world capital of port.

If ever there were a chance for reconciliation, I thought, this was it. For, to be honest, I have never been a great admirer of port. Long ago I provisionally placed it on my sweet-and-sticky horror list, just a notch or two below those nasty concoctions devised by monks and friars, and then forgot about it.

What bothered me most about port, I think, was not its taste, but its image – passing the port was what large, florid-faced gentlemen did after dull and overly long dinners. Whether it went round the table to the left or to the right concerned me not at all. It seemed an equally fusty drink in either direction.

A few minutes in the company of Antonio Serodio of the venerable port shippers Symingtons changed all that. Serodio is not a man for the ceremony of dinner jackets, crystal decanters and windy after-dinner stories. A sleeves-up port blender whose upper-Douro, vine-growing family has been providing grapes to the port trade for 150 years, his concern is solely with port itself. These are wines, he assured me as he set out some glasses, that need no ritual, no stage-props to bolster their singular character.

He is right. In a tasting room quite empty of post-prandial paraphernalia, I began with a ruby port, luscious and deep red in colour, full and fruity in taste.

I moved on to a tawny port, lighter in colour, still fruity, but drier and nuttier.

I tried a late bottled vintage, the wine which, unlike vintage port, is cask-aged, adding a smooth oakiness to its flavour.

I proceeded to 10, 20, 30 and over-40-year old tawnys, results not of single year's harvest, but of skilled alchemy, the blending of cask-matured ports of many harvests – moving from pale red to amber to a brown and orange-tinted colours, each old tawny was fuller and mellower than the last.

And finally, and not entirely soberly, I must admit, I came to the king of them all, vintage port. The product of only exceptionally good harvest years, it is aged two years in casks before being left to mature for decades in black port bottles. There were the richest, fullest wines I had ever tasted. I tried a '75, a '63, a 60-year-old vintage, then a 100-year-old vintage. On tasting the last one I was, literally, speechless, and simply stared at Serodio. But he comforted me. Even the experts, he said, find 100-year-old port too complex, too concentrated a mouthful, to make much sense of.

And to tell the truth, I was sold on port from the beginning, with the rubys and tawnys, the inexpensive bread-and-butter sales of the trade. For the first time, I

> 'Claret is the liquor for boys; port is for men' – Samuel Johnson

began to understand the long-standing British infatuation with port.

It is the fault of the French. Port's popularity began when hostilities between France and England in the 1660s made claret, until then the English wine-drinker's favourite tipple, unavailable. It was then that British merchants of English wool and dried fish based on the Portuguese coast spied their main chance.

The sweet, rich, aromatic wines shipped down-river from the isolated upper Douro were soon heading north across the Bay of Biscay. Not always travelling well on rough seas, it was discovered that the addition of brandy to casks of port helped its passage.

Frantic orders for more followed, and the Anglo-Portuguese port trade was born. "Claret", Samuel Johnson was soon enthusing, "is the liquor for boys; port is for men."

The British love of sweet, strong wine eventually affected the very nature of port itself. Usual early practice when making port was to add about 3 per cent brandy. But adding alcohol not only makes for a stronger wine, it also stops the sugar-consuming fermentation process before it is complete, thus maintaining port's natural sweetness and a ripe, fruity flavour.

By the 1850s, when dozens of British port shippers were well established in Oporto, it was standard practice to add one part brandy to four parts of port, a proportion maintained ever since. No amount of mixing and blending, however, can make a fine product if the primary ingredient is not extraordinary in the first place. A day or two later, I set off on the riverboat Vistadouro from the city where port wine is aged to the river valley where port grapes are grown.

The Douro is a remarkably beautiful river, its lower stretches a lush, jungley profusion of white-washed farmhouses surrounded by woods, fruit orchards, vegetable gardens and rambling grape vines. All casualness, however, disappears 60 miles inland at Barqueiros; in 1758, this became the western limit of the world's first demarcated grape-growing area.

From here on the Douro is not the gentle, hospitable land one might imagine port country to be. Cut off from Atlantic rains and a moderate climate by a mountain barrier, temperatures are frigid in winter and rise above 40°C in summer. Made of poor, flinty schist, the steep sides of the river valley are so rocky they have been dynamited to build the terraces on which the vines grow; it is through this schist that the roots must penetrate before sinking down 60ft in search of nutrients and scarce humidity.

But "no pain, no gain", as the body-builders say – it is exactly these harsh conditions which produce the low yields and high sugar concentrations that give port its rich, fruity, full character.

There were no harsh conditions that evening, however, as with fellow guests I sat at a dining table on a flower-surrounded terrace at the Quinta La Picota, a rural guest house above the port-wine-making village of Santa Marta de Penaguiao. My hostess, Alexandrine Sequeira, produces good, simple country fare. On the menu that evening was cabbage soup, roast pork and a sweet egg flan dessert.

We did not wear dinner jackets. We did not swap weighty stories. We did not smoke thick after-dinner cigars. It was not a sophisticated meal. But the wonderful port that accompanied it – I insisted on passing it to the right – none the less made it so.

■ *Nicholas Woodsworth flew to Oporto with the Portuguese airlines TAP. Tel: 0181-759 1818. His trip was organised by Mundi Color, Spanish and Portuguese holiday specialists, 276 Vauxhall Bridge Road, London SW1V 1BE. Tel: 0171-828 6031.*

The real Caribbean in London NW5

Giles MacDonogh finds a culinary journey to the West Indies leaves a lot to be desired

In my more mundane, everyday existence in London, I sometimes wander down to Kentish Town Road to Mum's Kitchen for a plate of curry goat with rice and peas. With a rum punch to start, and a *tin of Red Stripe (albeit brewed* in Bedfordshire), it makes for an inexpensive, flavoursome, exotic alternative to eating in, and all the while I can hear the authentic voice of the Caribbean.

The accent is sometimes easier to discern in London than it is in parts of the West Indies. Over and over again you find yourself faced with what may only be described as up-market holiday camp food; dishes which pass by all reference to native culture, like so many ships in the night.

Not everyone can work up an appetite, you say, at the thought *of goat stew, jerk chicken* or rice and peas, let alone the "wild food" of the less developed islands. True, and if you are paying high prices for your lodgings, you want your board to be *something a little more special* than the rather limited vocabulary of Anglo-Creole cookery.

The question is whether the better hotels and restaurants in the Caribbean actually offer you a valid alternative, with their tame menus adapted from different European models?

I went island-hopping a month ago, and had a chance to sample several of these. The Royal Pavillion in St James, Barbados (422 5555), is the old Miramar hotel. It is now part of a two-hotel package which takes in the converted rump of the old Cunard estate with its little Italian*ate villa on the beach.*

The chef here is a Breton called Sylvain Hervochon. He thought the cooking of his homeland too heavy for Barbados. He proposed instead a remarkably good menu – but it was by no means "light" – of a seafood and pumpkin risotto and a superbly meaty snapper with a celery-flavoured mash, followed by a peach soufflé.

The next day I flew on to Canouan in the Grenadines and the Tamarind Beach Hotel (458 8044). This is owned by a Locarno-based bank which is developing two-thirds of the island for *tourism. The Italian Swiss own*ers have given the food an Italian twist: pasta and pizza. The former was good, especially in its most basic native garb: with garlic and chillies, but to take a cooked lobster from the deep-freeze and grill it is to abuse a lobster.

A memorable meal gets everything precisely right, the setting too. On Mustique we had a picnic at a trestle table on a deserted beach: rum punch and Hairoun beer from St Vincent, spare ribs and breadfruit fritters which were instantly dispersed by the ravening birds when we jumped *into the water.*

The famous playboy island does not offer too many opportunities for public dining and all provisions, bar fish, have to be brought in from St Vincent to stock the English-run guest house, Basil's Bar and the Cotton House Hotel. There is a little fish market down on the beach where an impressive pile of conch shells attests to a local taste for *lambi*, but no one seems to offer the local and delicious land crabs.

Basil's Bar (458 4621) is a place for mercifully simple things like *lambi* soup or grilled fish and *chips. At the Cotton House* Hotel (809 456 4777), at every turn, the fruit bowl mates with the fish tank and the meat larder. Bananas (and I mean bananas, not plantains) with everything is clearly the chef's motto.

Not being mad about sweet and sour combinations, my eye ran up and down Daniel Pochron's menu looking for a lucky break or two. I found some rubbed prawns with an avocado salsa that was fairly uneventful, and a "jerk" chicken which was a spice-free zone. Puddings seemed to cater to US fantasies: chocolate chip ices and the like.

I had better luck with lunch. The Caribbean gazpacho was sweet again, but a grouper with a buttery sauce and bread-fruit chips was good, and had a local accent of sorts, so was the frozen soufflé.

An unplanned stop in Barbados on the way back allowed me to try out the Waterfront Café in Bridgetown: spicy crabcakes and jerk pork with some oomph. I was beginning to believe I had left the Caribbean behind, in Mum's Kitchen.

■ *Mum's Kitchen, 99a Kentish Town Road, London, NW5. Tel: 0171-428 0820.*

Cookery / **Philippa Davenport**

Fruit to lighten the winter table

By the turn of the year I have had my fill of the richly sweet dried vine fruits that lie at the heart of plum pudding, Christmas cake, mince pies and other sweetmeats.

The antidote I crave now is the cleaner taste of more acid fruits just coming into season, what Margaret Costa described as "shrilly pink" early rhubarb from the forcing sheds of Yorkshire, and freckled apricots from South Africa. Both fruits are traditional January fare in Britain.

I saw forced rhubarb on sale in a supermarket at the beginning of last month, sooner than seemed right. But now that it is the proper time for it, this most English of traditional post-Christmas fruits has disappeared. It is apparently "too ordinary to be desirable at this special season".

South African apricots, on the other hand, should not be hard to find. Because they are foreign imports, supermarketeers and greengrocers rate them sufficiently "exotic" to appeal throughout the 12 days of Christ*mas and beyond.*

Dried apricots are even more in evidence than fresh ones, and well worth consideration – although quality varies enormously. Whole Hunza apricots from Afghanistan or Pakistan, dun coloured and spicily sweet, are in a class of their own. But for general cooking purposes I prefer something less sweet.

I tend to avoid packets bearing the legend "no-soak" or "ready-to-eat", having often found the contents to be leathery and a little bland. More to my taste are the drier wrinkled sort with a sharper bite, such as halved and sun-dried South African apricots.

APRICOT TATIN

(serves 6-8)

Tatin seems to have taken over from lemon tart as the restaurateur's number one pudding. Making it is quick and easy work for the cook, assuming it is not beneath your dignity to buy ready-made puff pastry and it allows scope in the choice of fruit.

Apricots yield more juice than apples, pears or bananas, and some of it seeps into the pastry when the tart is inverted for serving, a bonus for sauce and gravy *gourmands.*

Vanilla is a classic flavouring for apricots but cardamom works just as much magic. Take your pick. You will need 100g caster sugar scented with your chosen spice. Boost the fragrance of your usual vanilla sugar (made by storing vanilla pods in a jar of caster sugar) by splitting one pod, scraping out the seeds and adding them to 100g vanilla sugar for this recipe.

Or, to make cardamom sugar, put the seeds from, say, nine cardamom pods into a spice or coffee mill, add 1 tablespoon of caster sugar and whizz to an aromatic powder. Put this powder into the scale pan and add caster sugar to bring the total weight to 100g.

Melt 50g butter in a saucepan. Add your spiced sugar and stir as the mixture froths and turns to a rich golden-brown caramel. Add a squeeze of lemon juice and pour the caramel into a 25cm-26cm round porcelain or Pyrex pie dish about 4cm deep.

Halve and stone 450g-500g apricots, pack them, rounded-side down, into the dish. Roll out 300g ready-made puff pastry to a 27cm-28cm round. Lay it over the fruit and tuck the edges in like a blanket all round. Slide the dish on to *a hot baking sheet in an oven* heated to 190°C (375°F) gas mark 5 and bake for 40 minutes until the pastry is richly coloured and juices begin to bubble round the sides.

Laying out apricots to dry in Pakistan's Hunza Valley — Panos Pictures

Run a knife round the inside edge of the dish as soon as it emerges from the oven. Leave for 5-10 minutes, then cover with a lipped tart plate, invert and *unmould the Tatin. Serve warm* with softly whipped cream or vanilla or cardamom ice-cream.

CHOCOLATE APRICOT PUDDING

(serves 6-8)

More original than Tatin and equally suitable for Sunday lunch or a supper party, this happy combination of tart apricot purée and softly set chocolate soufflé topping can be served warm or cold. I have used dried apricots to make it. Choose a fairly sharp-tasting variety for good contrast with the sweet richness of the chocolate.

Bruise 2 cinnamon sticks, bury them among 250g dried apricots and pour on just enough cold water (or China tea) to cover. Bring slowly to the boil, cover with a lid and simmer gently (on the hob or in a low oven) until the fruit is perfectly tender.

Discard the cinnamon, reserve the liquid and reduce the fruit to a smooth pulp. Add back some or all of the cooking liquid to make a thick purée. Pour it into a 26cm round ceramic or Pyrex dish about 4cm deep, and let it become cold.

Dice 125g best dark chocolate (not less than 70 per cent cocoa solids). Melt it gently in a bowl set over (not touching) barely simmering water. Whip 300ml double cream (or the contents of 1 x 284ml tub plus 1 tablespoon milk) to soft peaks while the melted chocolate cools a little. Beat 4 large egg yolks, one by one, into the chocolate and stir in a heaped spoonful or two of the whipped cream. Then fold the chocolate into the cream.

Whisk 4 large egg whites to shiny peaks, gradually incorporating 90g caster sugar and a pinch or two of ground cinnamon to make a mildly spiced meringue mixture. Slacken the chocolate cream with a spoonful or two of the meringue, then fold in the rest. Spoon the amalgam evenly over the apricot purée.

Slide the dish into an oven heated to 180°C (350°F) gas mark 4, and bake for 40 minutes. The pudding is ready when the chocolate topping is gently puffed up, set and maybe even a little cracked round the edges, but still a mite wobbly in the centre.

Cool until tepid or serve cold, dusted with icing sugar. Ideally, the pudding should rest in a plate warmer or some other draught-free spot for the first 30 minutes after it emerges from the oven. If the pudding is very wobbly when it comes out of the oven, or if it is transferred direct from oven heat to cold larder, it is liable to sink. I like this pudding just as it is.

The makings of a very fine French cheese

Hugh O'Shaugnessey tries unpasteurised Camembert

It is Thursday, the day before a public holiday, and Frédric Chariou, a taciturn, intense man, has to find a home for the *milk which will be offered as* usual, holiday or no holiday, to the Moulin de Carel cheese factory by its 25 local milk suppliers.

The 19 workers will have a long weekend and not come in until Monday, but the stubborn Norman cows are no respecters of the calendars, civil or religious.

This is a regular problem for this tiny place in the hamlet of Carel, tucked behind a Romanesque church beside a perfect 18th century château with its little avenue of trees outside the Norman town of Saint-Pierre-sur-Dives.

The Moulin de Carel, bought by the Valle family for its Normandy-wide dairy business based at Clecy, has a reputation as one of the best producers of Camembert made from unpasteurised milk.

But, unpasteurised, Chariou's weekend milk will be no good on Monday. The thousands of litres will have to be diverted to some dairy, pasteurised and perhaps turned into butter.

Chariou does not say so directly, but he lets you know that the calling he follows at the Moulin de Carel is a higher one than that followed at mere butter factories. The factory he manages is one of only 11 to produce *Camemberts de Normandie d'Appelation d'Origine*, the *finest of Norman cheeses.* Only a tiny fraction are exported.

The industry says the AOC, first introduced in 1983, is its title of nobility, *and it goes to only 8.9* per cent of the 170,500 tonnes of Camembert produced every year in France.

Camembert, which takes its name from a hilltop village 20 minutes' drive away from Carel, does not have such a noble lineage as Brie. The monks of Meaux who made Brie were, in AD 774, commanded by the Emperor Charlemagne, who seems to *have been something of a* Franco-German gourmet, to send him a supply to Aix-la-Chapelle twice a year.

In AD 778, on his way back from fighting the Saracens, he also fell in love with Roquefort. But Camembert does go back to at least 1791 and the time of Marie Harel, a farmer's wife. During the

French Revolutionary Terror, Harel gave shelter to a priest on the run and learnt the cheese's secret recipe from him. The Joan of Arc of cheeses, Marie Harel is commemorated in statues in town squares and paeans from the dairy industry of Normandy.

The Moulin de Carel has particular reason to venerate her. With its fresher and more delicate taste – and a higher content of the vitamins which would not survive pasteurisation – its unpasteurised Camemberts command a premium over *other lesser versions.*

Over a period of five hours in five batches, a total of 2.3 litres of fresh milk, no warmer than 37°C and dosed with natural rennet, is ladled by hand into each Camembert mould, about a third more raw material than goes to make a pasteurised Camembert. It is, as its producers proclaim, *moul la louche* (ladled into the mould). Each *mouleur* or *mouleuse* fills 1,000 moulds a day. The conditions for the first operation are crucial. "Too damp or too cool and you're in trouble," Chariou says.

The moulds are allowed to drain naturally and turned over.

They are never pressed or cooked. After 22 hours in the moulds, the rounds are turned out and on the second day are salted on a machine which would have brought delight to the heart of Heath Robinson. It sprinkles one side of a cheese, turns it over for salting on the other before rolling it down a slope to salt the edge. The rounds are then left for about 12 days in the *haloir*, or ripening chamber, after which each is graded.

They are then packed in the wooden boxes, which *were invented in 1890 and* allowed the cheese to be transported to markets round Europe and the world.

An AOC Camembert must end up with a minimum fat content of 45 per cent.

The cheese made from unpasteurised milk have been the target of Brussels officials who, while they allow genetically adulterated cereals into the European Union from the US unlabelled, seem to distrust the concept of foods made by raw milk which proclaims its unadulterated nature. The authorities demand constantly higher standards of hygiene in the factory.

It cost the company quite a bit to put in all the new installations, says Chariou, pointing to gleaming new tiled walls in the factory.

The demands of hygiene have even meant that the Route des Fromages – a tourist attraction which indicated the best places to see the province's cheeses, not just Camembert but also Livarot and Pont l'Eveque – has been suspended for fear of harming the hygiene of the factories. (This does not mean that individual factories are out of bounds. The big Graindorge plant at Livarot, for instance, is open *daily to parties of visitors* and individuals.)

Frank Hlix, Valle's young export manager with the agreeable job of promoting the company's range of products at food fairs home and abroad, is confident that Moulin de Carel Camembert will overcome British government sanitary objections and be on British shelves by the end of this year.

The struggle to obtain milk has always been a constant in the Pays d'Auge. It is no secret that no little Dutch milk goes into some Norman cheeses. "We've even imported milk from England," confesses one cheesemaker.

But Dutch or English milk is never supposed to get into a Camembert AOC and the *Syndicat des Fabricants du Camembert de Normandie* in Caen carries out a monthly inspection at the factory and in the shops.

The *Syndicat* recommends that the cheese be stored at between 5°C and 10°C and served at between 18°C and 20°C with a nice claret or Burgundy.

■ *The Syndicat is at 82 rue Bernires, 14900 Caen. Tel: 00 33 2 31 85 50 93, Valle S.A., at Clecy can be contacted on 00 33 2 31 59 30 00, while Graindorge, which makes several types of cheese at Livarot, welcomes visitors every working day. Tel: 00 33 2 31 63 50 02.*

OUTDOORS

☐ The new Volkswagen Beetle: never mind the retro-look; underneath is a fourth generation VW Golf.

☐ Above – The old Beetle: the basic layout of this rear-engined 1974 cabriolet was much the same as a 1945 model

Motoring

A drive down memory lane

VW's New Beetle will attract a fresh generation of buyers. But **Stuart Marshall** prefers not to look back

Seen from a distance, a 1930s' stockbroker Tudor mansion in rural Surrey, with half timbering, hand-made bricks, massive chimneys and leaded lights, looks the real thing. Get near enough to knock on the iron-hinged oak doors and you realise it is almost as phoney as one of those olde-tyme pubs serving microwaved fine fayre in a fibreglass-beamed dining room.

Volkswagen's New Beetle is a bit like that, too. At a glance, you could take it for a genuine Beetle as made in Germany from the late 1930s until the early 1980s and still rolling off the line in Mexico.

In fact, only the profile is the same; everything else has changed. Just as the centrally heated, draught-proof, replica Tudor mansion is much nicer to live in than the real thing, so the New Beetle will be an infinitely better car in every way than the original.

The New Beetle has just made its world debut as a production car at the Detroit motor show and I hope to try it later this year, although it will not be on sale in the UK until 1999. As it is a very close relative of the new, fourth generation VW Golf, it is bound to be rewarding to drive, economical, environmentally friendly – and safe to have a crash in. All of which makes it all very different from the old Beetle.

I know a lot about old Beetles – I owned five of them, one after the other. My first was about seven years old when I bought it in the mid-1950s from an army man who had acquired it in Germany.

The original khaki was coming through a cheap, pea-green respray; the grey, ersatz cloth seats were shabby; and the tyres were nearly bald. I loved it.

It was the first car I ever owned that had a push-button starter, not a crude, downmarket pull knob. And, it had a heater. A little warm air – and a lot of oily, smelly fumes – came through vents at foot level and dispersed the mist from the corners of the flat windscreen.

The 1,131cc engine developed only 25 horsepower, but it was a light car. Given quick changing of the unsynchronised, four-speed gearbox, it was no slug by the standards of its era. Given time, and a reasonably level road, my VW would reach and hold 62mph (100km) indefinitely.

With a rear engine, it was not too noisy, and the steering was light. All-independent suspension by torsion bars made it ride very well, indeed.

Road-holding was another matter. The VW had swinging rear axles. Squashed down by a full load of people and luggage, they allowed the rear tyre treads to be more or less flat on the road. With empty back seats, though, only the outer edges of the tyres did much work. So, as the tail end rose when braking or cornering – both together were a deadly combination – grip first diminished, then disappeared.

Fortunately, my reactions were youthfully quick. Journeys on winding roads were an enjoyable succession of tail slides and opposite lock. Very early one wet morning, I ran on to an oil-covered road at a bus stop in south London. My VW spun like a top, stopping only when the rear near-side hub smote a lamp post so hard that I was hurled through the door.

> 'My VW spun like a top and hit a lamp-post. I was flung through the door'

The car was repaired but it never seemed the same, so I traded it in for another, grander VW. This had hydraulic brakes but a crash gearbox, tartan seats, an ivory plastic steering wheel with a chromium-plated horn ring (just like a Mercedes-Benz of that time) and a huge, fabric sun roof.

There was still no petrol gauge. When the engine spluttered, you pushed a tap on the bulkhead with your foot to go on to reserve.

Handling was no different but my driving was now much better: on wet roads, I slowed down. But, I wore out a complete set of new tyres before I discovered why my latest VW was eager to corner left, reluctant to corner right.

A previous owner, unused to left-hand drive, had habitually hit kerbs and gateposts on his side of the car. (One would have thought the other side would have been in more danger.) He had the front near-side wing repaired, but not the bent suspension. So, it was goodbye to VW number two.

My next three were all official imports with right-hand drive, synchromesh gears, hydraulic brakes and slightly larger (1,192cc, 30 or 34 horsepower) engines. They still had swing-axle rear suspension but a mix of Michelin X, steel-belted, radial ply tyres on the back wheels and cross-plies on the front – a combination officially frowned on – did wonders for handling and road-holding. (Later VWs had a more sophisticated, much safer rear suspension.)

Tail heaviness gave VWs – they were never called Beetles then – plenty of traction. My last two had their moments of glory, helping the VW Owners' Club win the team award in the Civil Service Motoring Association's safari trial several years running. On steep, sandy slopes, they left sports cars such as MG TCs floundering behind.

Approaching parenthood meant my last VW had to go. How could you carry a pram in a car in which the boot was a bogey hole behind the rear seat, reached by pulling the cushion forward? A Triumph Herald estate was more practical.

Nostalgia, and the desire for novelty, will persuade Americans to line up in their thousands to buy the New Beetle, but they leave me untouched. Yes, I know it has front-wheel drive, a proper boot, a choice of engines (including VW's supremely good, direct-injection turbo-diesel) and a 12-year anti-corrosion warranty. And you can have ABS brakes, leather seats, cruise control, front and side air-bags and all the other things car owners (rightly) demand nowadays.

But, I would go for a VW Golf; even better, a Passat. Am I boring, or just sensible, to prefer having a completely modern car, not one looking over its stylistic shoulder at a bygone age of motoring?

Fishing

Eggs ported to Ceylon

Colonialists took their traditions with them, says **Tom Fort**

When Britain's colonial servants fanned out across the world, their images and distillations of the mother country were locked away in their minds and their packing cases. The further they were from home, the more pertinaciously they clung to the attitudes and customs into which they had been born.

The more inimical the surroundings, the more strenuously they upheld the old standards. So along with their subscriptions to the Illustrated London News, they took their inarticulate passion for sport, the essential diversion. It meant, apart from hitting balls under a burning sun, hunting, shooting and fishing.

For slaughterers of animals and birds, the local resources were often admirable. But for the angling ex-pats, reared on the trout streams of England or the lochs of Scotland, the picture was less rosy.

A buffalo made an admirable substitute for a stag, a wild pig for a fox. But across the empire, there was no satisfactory replacement for a trout.

Native fish would not take a fly; which, of course, was the only way a gentleman would care to catch one. The answer was for Man to make up for the Creator's neglect. So off, packed in ice, went trout eggs from Loch Leven or the Itchen: to the Himalayan torrents of Kashmir, to Kenya's Rift Valley, to the high valleys of Abyssinia and Uganda, to the veld country of South Africa – anywhere a man might find cool, clear running water, and where the British held sway.

The labour, expense and resolve required for such enterprises beggar belief. The shipping of the eggs across thousands of miles of ocean was merely the prelude. The eventual destinations were invariably remote, the journeys to them arduous and disaster-prone. The dripping egg-boxes bounced on oxen, horses or native heads; more often than not the eggs perished, or the stream was no good, or the little fish were devoured by local predators.

But it was not in the nature of these pioneers to give up. To establish a viable population of trout was but the start of it. The Englishman does not help himself to his pleasure as he feels like it. He knows it must be regulated; that there must be rules, laid down in a rule book. They must be drawn up by a committee, to be elected by a club, made up of the right sort of fellow.

Hence the two slim booklets before me, in faded blue covers: *Rules of the Ceylon Fishing Club* (as approved by H.E. the governor) *and Regulations for the Internal Constitution of the Club;* and *Ceylon Fishing Club* report for the year November 1930 to October 1931. It would be idle to pretend that either of these publications makes for diverting reading. The rules cover 12 densely printed pages, and are remarkable only in that the attention given to fishing is eclipsed by that devoted to the far more important matter of laying down mechanisms for getting the right sort of fellow in, and keeping the wrong sort out.

The annual report is slightly more meaty, though it would have been much improved by the absence of the documentation of a tedious dispute between the assistant hon sec and Colombo's irrigation department.

With 5,528 trout killed, it was the most productive season since 1925-26.

Best fish, 4lb 9oz, fell to Mr Salmond. Nobody caught more fish than Major Simpson, though Captain Skinner ran him pretty close. Nuwara Eliya, Ambawella and Horton Plains Streams fished much the best. The Wallaha Valley stream, in contrast, had a lean time of it; its custodian, Mr Parmenter, reported that no fish had been caught, and but one seen.

The dry, prosaic character of it is almost unreal in its Englishness. There are no more than passing references to local conditions: occasional trouble with "coolies", errant buffalo and leeches, tree felling in the jungle, the admission that rainfall amounting to 47in in the month of August had rendered the Kotagala Oya unfishable.

Now, of course, they have all gone – the army officers, the district commissioners, the tea planters, the farmers. And their dreams of preserving something of the old country and its ways have gone with them. But the trout, on the whole, have survived, a living legacy from all that slightly preposterous expenditure of effort.

Gardening Books

In search of the definitive work – or two

Martin Wood finds these are complementary

There have been many attempts to produce the best single gardening book in Britain. In 1978, Reader's Digest produced the *Reader's Digest Encyclopedia of Garden Plants and Flowers* and substantially revised it in 1985. From a brand associated with delivering the précis of substance here was substance itself.

At that time it was the best if only because there were no other similar books of garden plants. Over the years it has faced a challenge from other publications, not least those with support from the Royal Horticultural Society behind them. Who has not been frustrated by the endorsement of the RHS for a definitive reference work, only to find its endorsement for a newer and more definitive work following along in very short order?

Even in its 1985 edition, the *Encyclopedia* remains a book to return to. But we live in a New Britain with New Botany. A makeover was in order and has been skilfully accomplished. Is the revised taxonomy right? Ask the taxonomists; and then ask them next year just to make sure they haven't changed their minds again.

This is a good book made better. For a start, chatty sections on different topics have been fed into the alphabetical sequence of the book. Followers of the new grassland school of gardening – not me, I am a veteran of the couch wars – will be pleased with the section on grasses. The sections on fruit and vegetables, which follow the alphabetical listings, are particularly valuable.

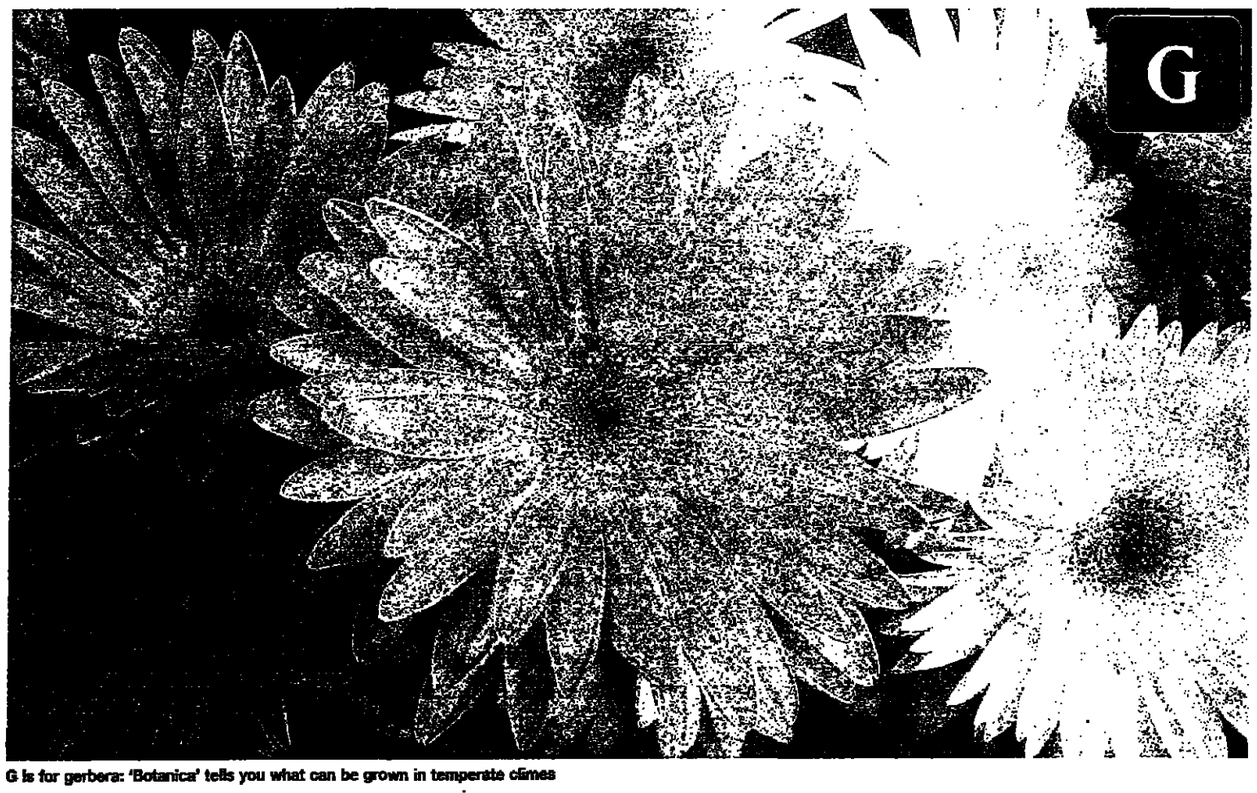
The collages of cultivars which introduce some sections of the book are more decorative than useful, but then this book is more than a technical manual. Sometimes it is difficult to gauge the scale and form of a flowering species from some of the illustrations. This was a problem with the original edition which has not been altogether solved. Should picture art obscure when it can explain? Certainly, you can look at the text to discover the scale but the illustration of a single flower of Tanacetum coccineum "James Kelway" could at first sight be taken to be a part of the Greenwich Dome.

> A single flower could at first sight be part of the Greenwich Dome

The most important innovation is the Plant Identifier. This seeks to deal with the obvious difficulty when using any encyclopedia, which is that it is not much help unless you know what a particular plant is before you start. Other publications try to solve this by grouping plants by season and colour in the main text. This gives rise to as many problems as it solves since plants are not always as fussy as publishers are about these categories.

The identifier is based only on the characteristics of flowers. I write this review in December, when flowers are scarce so I cannot say that I have given it a field test. It is not a flora and it can deliver no more than a hint of where to look. It does not tell me whether the winter-flowering honeysuckle on my desk is Lonicera Fragrantissima or Lonicera Purpursii, and it won't tell you either. Those reservations aside, it promises to be the best so far.

Two young friends, engagement brought on by a trip to Zanzibar, asked me how they could bring the scents and sense of their romance in Africa to their absolutely new Surrey garden. Dream on, I said, temperate plants don't do that. In the nick of time to fuel those dreams comes *Botanica* by Random House out of Australia. And such dreams. There are forms and colours of plants illustrated in this book to gaze at with pleasure, many of them unfamiliar to the British gardener.



G is for gerbera: 'Botanica' tells you what can be grown in temperate climes

But this is not to suggest that the book is without interest to temperate gardeners since it covers the full range of climate zones. Into the British edition, the publishers have helpfully included a Hardiness Zone Map which shows beyond doubt that a large number of the plants covered in the book cannot be grown in British gardens.

Since this book will be of particular interest to members of the world community who move from place to place, a wider range of such maps, perhaps included on the accompanying CD-Rom, would be useful. Obviously, a book of this kind cannot give the detailed cultural information which the Reader's Digest can and does seek to give for UK residents. It does, however, offer broader and more general information for those who live on a wider stage, and an insight to those who don't of what they are missing.

The CD-Rom which comes as an extra to the first edition of *Botanica* is a new gardening tool that will become, in time, of huge value. If Reader's Digest does not catch up with this, I shall be astonished.

However, both gardeners and programmers know that anything grown in haste is likely to be discarded at leisure. There is a real problem in getting what I am told is called the search engine right.

Gardening as I do on the English chalk downs, I was surprised to see alkaline, or chalky, soil not included as a category of soil type when looking for suitable plants. A CD-Rom offers access to much more information than can be included in a single book.

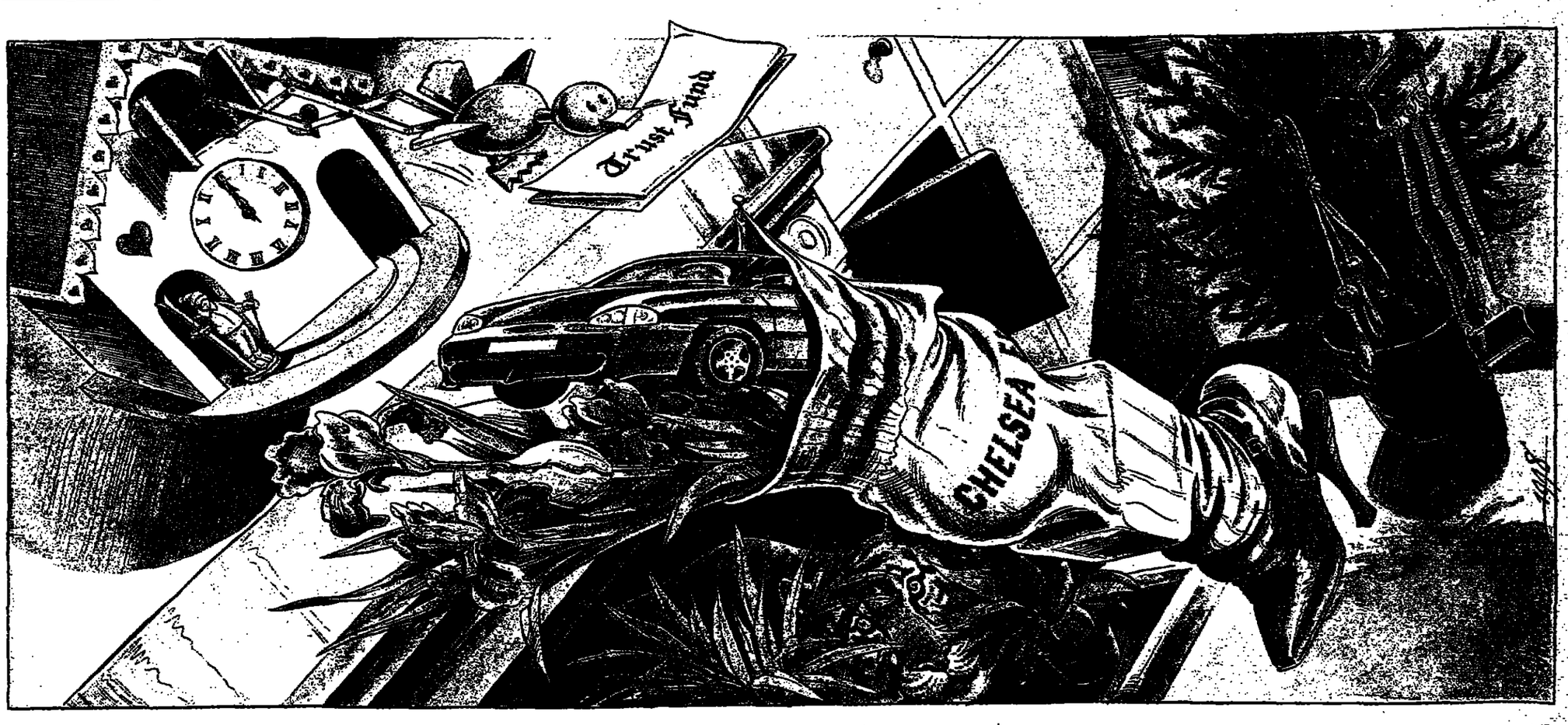
It is a pity, therefore, that cultural instructions tend to be for a whole genus or species when gardeners know that some plants have individual needs which mark them out from other members of their families. You get the same instructions for Magnolia Stellata as you do for Magnolia Grandiflora, and the same for a hybrid tea rose as for Rosa Moyseii.

As the smiling footmen to repression stalk the corridors of Whitehall, it may be that books on gardening become the last things in our lives left with much spine. Buy both of these; they are complementary. If you plan to move to Tuscany or further away, then *Botanica* has it by a good few climate zones; but then you may wish to be reminded of all that is good in gardening in this green and pleasant land, and take the *New Encyclopedia* with you as you go.

■ *Reader's Digest New Encyclopedia of Garden Plants and Flowers, 864pp, £29.95.*

■ *Botanica, published by Random House Australia in three editions: European, American and Australian, 1,007pp. Available in the UK from W.H. Smith, £30. Editions include a CD-Rom while stocks last.*

How to Spend It



All the frills money can buy

Lucia van der Post dreams her way through a middling annual bonus – a mere £1.5m

The Financial Times has had an absolutely spiffing year. My superiors will surely wish to reward my modest contribution to all this spiffingness with a generous bonus . . . the details are still vague but I'm confident I'll be given the sort of reward a valued employee needs before going on a seasonal spending spree.

We at the Financial Times know about bonuses. At Goldman Sachs, £100,000 seems a kind of starting point for a lower-rung executive, while a managing director can count on something like a cool £5m. Middling sorts of employees, it seems, if they find themselves stationed at the right desks, can pocket anything between £300,000 and £1.5m.

So we won't be greedy here – let the MDs have their £5m, we will be happy to accept something like £1.5m. As it's never too early to start planning – you wouldn't believe the waiting lists for some of the most desirable items – I thought I'd start giving the matter of what to do with it all some serious attention right now.

Now I know perfectly well – and it's best to get this out of the way right at the beginning – all the things that really count come free (or almost free), or not at all. Love, friends, family, flowers, music, a baby's smile, sun glinting on the water. A bit of pot luck, really, and there's not much a bonus can do about them.

But what we're talking about here are frills – the sorts of frills money can buy. I decide to start dreaming about country houses – a Manor House in Gloucestershire, or perhaps a shooting lodge in Scotland, or what about a chalet in some snowy ski resort? My £1,500,000 ought to buy us something pretty natty.

I can already smell the country air, see the family gathered round in what will shortly be the ancestral pile.

I'm dealt the first nasty shock. "You do realise," says my city friend, who has had years of grappling with these weighty problems, "that there's tax to pay." Ah . . . forgotten about that. We are down to £900,000.

I ring Property Vision – the city bonus man's estate agency. About now, when bonuses are beginning to be paid out, the phones in their office hardly stop ringing.

"What you have to understand," says Willie Getting, managing director, "is that the guys who get paid these bonuses can't commute. They're in their offices at Canary Wharf by about 7am and they're there until late, so they need a London family house. That's one reason why London house prices are zooming. Only after they've paid off that mortgage will they look at the country house for weekends."

"Yes, but what about me and my £900,000 – what have you for me?"

Rupert Bradstock, who handles the country property, rings me back. "We have just one house at the moment – Little Milton Manor – and that'll need another £250,000 spending on it." So that's out then. "Wait until the spring and we might be able to find you a nice 5-bedroom farmhouse for about £750,000 in the quieter parts of Oxfordshire."

Well, they say abroad is cheaper. A ski chalet, now that would be good – we could ski in the winter and go walking in the summer. Zigi Davenport of Alpine Apartment Agency has a chalet in Meribel Mottaret for a mere FFr4.9m (£500,000), another in Val D'Isère for FFr5.6m (£300,000). Meribel will do splendidly. Now I'm down to £400,000.

A big safari next, for the extended family – children, in-laws, cousins, nephews, nieces. Three weeks exploring northern Kenya: the Samburu, Lake Turkana, camping in the wild with our own tents and guides. Nicky Shepherd of African Explorations will organise it for me. I'd like to take one of my favourite guides to the African bush – John Stevens or Richard Bonham.

About 20 people at roughly £6,000 a head – £120,000. Ouch . . . perhaps not. It would have to be just the immediate family of six for two weeks – about £20,000. That's more like it. Now we're down to £380,000.

I dream about a car. I've never owned one. Never felt the need. One in the family has always seemed ample. Not a Jaguar or a Porsche – too obvious. Much cooler and quirkier to think about the Venturi Atlantique, a super-stylish custom-made French car. All sleek lines with a glassfibre body bonded to a steel chassis. Not many of them about.

Nicholas Mee imports them, there's a three-month delivery time and you can have them in any colour that takes your fancy. A smidgeon under £60,000, though, is quite a lot to pay for being cool and singular.

Perhaps I should consider the silver Mercedes C-230K (K is for kompressor or supercharger). The metal-folding roof appeals, it's a little more feminine and comes at a mere £30,140.

But we live in Kensington, where will I park it? I need a driver – he'll come when asked, wait in the rain, worry about the parking while I glide serenely in and out. Chauffeurs come at between £15,000 and £17,000 a year, according to the Chauffeurs Guild, and with overtime normally earn about £20,000.

But by now I'm down to about £300,000 and the earnings on that, if invested, is way below the chauffeur's salary.

I seriously want a piano. Top of the range Bösendorfer will set me back £75,000 (£70,000 in the Harrods sale) so I'll settle for a plain Bechstein grand, down from £35,499 to £29,999 in the sale.

I must also top up my running-away fund. Every woman should have one. Not in order to run away – but to make staying more agreeable. Another £50,000 for that, perhaps.

Husband needs a present – a season ticket to a good seat at Chelsea Football ground at about £800 would please him mightily. Ditto, two debentures for the All England Lawn Tennis Club, currently trading on the stock market for about £22,375 each, would give five years of one centre court ticket each for each day of the Wimbledon tournament.

Then I'd treat our friends to a 12-seater box at the Albert Hall a few times a year at £300 a time.

Membership of The Harbour Club to get us fit, give us coaching to raise the stakes in our weekly tennis spats – the entrance fee is £2,700, the monthly charge £199.30 – but a life membership at £11,900, which would run until 2023, should see me through.

I suppose I could do something safe and boring, and put the lot into the hands of a fund manager, although not all of them, it seems, would welcome me and my £900,000.

Some, they tell me, wouldn't even bother to take my phone call. The Citibank Private Bank, for instance, "focuses on the upper end of the wealth spectrum: clients with a minimum net worth of $3m – many have $100m or more".

What I have come to realise is that spending money, like everything else, takes practice. But it's clearly nothing like as hard as perfecting a topspin backhand down the line. So a little more practice and I should be nearly perfect . . .

■ *African Explorations, Holwell Manor Barn, Holwell, Burford, Oxfordshire OX18 4JS, tel: 01993-822443; All England Lawn Tennis Club, debentures, tel: 0181-971 2341; Alpine Apartments Agency, Hinton Manor, Eardisland, Leominster, Herefordshire HR6 9BG, tel: 01544-388234; Chauffeurs Guild, 199 Merton Road, London SW19 1EQ, tel: 0181-544 9777; Chelsea Football Ground, Stamford Bridge, London SW6 1HS, tel: 0171-385 5545; Drummonds, 15 Lots Road, London SW10 0QJ, tel: 0171-376 8376; The Harbour Club, Watermeadow Lane, off Townmead Road, London SW6 2RR, tel: 0171-371 7700; Nicholas Mee, 36-38 Queens Gate Place Mews, London SW7 5BQ, tel: 0171-581 0088; Property Vision, tel: 0171-823 8388; Royal Albert Hall, Kensington Gore, London SW7 2AP, tel: 0171-589 8212.*

Last bastion of the senses

New-age thinking, as anybody who has kept a beady eye on the home and style magazines can't fail to have noticed, has infiltrated almost every area of our lives.

Fengshui principles are now seriously considered by world-renowned architects as well as by those just wondering where to put a potted plant. From the foods we eat to the growing use of essential oils and candles, the late 1990s way of living has a style and identity that becomes clearer by the day.

The asceticism and austerity once regarded as an essential part of the modern approach has been rejected. Late 1990s people are mostly too prosperous to want to be austere, but their taste is too sophisticated to enjoy the obviously extravagant.

So what we have evolved is a style of living that at first glance seems restrained, discreet, and not dependent on wealth. But the closer one looks, the more it becomes clear that in order to achieve this appearance, large sums of money are required.

Quality is at the root of it. The visual images that sum up late 1990s homes are wooden floorboards, lots of light and space, a lack of clutter, few but fine pieces of furniture (either simple, clean, luxurious modern lines or slightly shabby old leather gleaned from antique shops) and the odd dramatic piece found in some exotic foreign part or tracked down on a weekend in Paris or Rome.

This is a look that doesn't come cheap. To bring it off requires plenty of storage space, wonderful "bones", fine architectural detailing, the best of wood and marble and steel, and the truest of eyes.

Few people understand this as well as Ilse Crawford, long-time editor of Elle Decoration, who brings us the manual, *Sensual Home*, that helps bring the look to life. Anybody wondering how this elusive, new-agey way of living can be put together will find the book a fascinating source – not only of lots of new-age talk but also the nitty-gritty of where some of the more solid bits and pieces may be acquired.

'Liberate your senses and change your life' – one of the images from Ilse Crawford's book

The author taps into the current fashionable stereotype and sees the late 1990s person as retreating from the "standardised, suburbanised, sanitised, unnatural and uniformly lit" modern world into the home, which is now "the last bastion of the senses".

To be happy in our homes, the Crawford theory goes, "we need to listen to our primal needs . . . By addressing the needs of our senses, and what brings pleasure to them . . . we can regain our equilibrium and bring harmony and balance to our homes". The merely visual aspect she feels has been addressed many times before. What she is addressing is matters beyond the visual. "The sensual home," she declares, "needs to feel and smell and even taste as good as it appears."

Much of the advice, as is almost inevitable in books dealing with the home, is obvious to the point of banality – "rather than smothering yourself with overpowering scent, gently perfume your home". "In high temperatures, plant-based waters and colognes are wonderfully refreshing." "Cool down fast by splashing your face with cold water." These are axioms most of us have read a million times.

Nevertheless, the book is a visual treat. If you can bring yourself to greet the obvious with a gentle smile and move on to the more serious area, where she addresses the matter of quality, you will find she has more interesting things to say.

"Spend more than you can afford on something that raises your spirits every time you see it, something you buy for instinctive reasons rather than rational ones. You will always enjoy it – it's the 'sensible' buys you end up hating." Yes, yes, and yes again.

She also talks much sense on the matter of lighting. "Living in an artificially lit world as we now do, we are often cut off from the passing of the day and the passage of the seasons. Don't block out the external world with curtains or blinds. It's a pity to miss nature's constantly changing light show. Leave windows clear where possible."

Anyone who has ever spent eight to 10 hours in an artificially lit office, with no sense of what time or sort of day it is, will know how true this is.

But above all, the book will inspire those who are busy making a new home, or new room, with the confidence to realise you don't need many objects to make a fine home – what you need is an educated eye, a feel for quality and a commitment to the idea of simple but good. For that, and for the extremely useful information about where to buy the props that make up this look, this book is worth buying.

■ *Sensual Home, Ilse Crawford, Quadrille Publishing, £19.99.*

L.v.d.P.

How to Spend It

Fashion

Vertiginous heels tapping the urban pavement

Damian Foxe is intrigued by the history and construction of Gina Shoes

It is an unlikely venue. Aydin and Attila Kurdash, owners and designers of Gina Shoes, have chosen a vegetarian Indian restaurant in London's unfashionable Finsbury Park to meet me for a chat about sexy stilettos and their construction.

They aren't trying to prove a point, to make their exquisite creations appear more glamorous by contrast. It's just that this is the kind of place they like, where, according to them, there is a respect for tradition, a belief in authenticity and a sense of pride in a job which has been perfectly executed.

They are a down-to-earth pair who prefer intimate friendships to grand parties, who seem free of the prima donna attitudes so often associated with talented designers. This has meant that, while the shoes they make have a growing following, they themselves have been relatively unnoticed in a fashion industry which is obsessed by celebrity.

"Many people still think that there is a glamorous girl called Gina living in some exotic location creating shoes to die for," laughs Aydin. "In reality, it's just us, at our factory in Hackney [east London] slaving away over the structural complexities of this season's super-high stilettos."

While many don't realise that Gina is London-based, it is in fact the only factory of its kind in Britain where women's elegant evening shoes are designed and manufactured from start to finish under one roof.

"Our father established the business in 1954," explains Attila, the business brain behind Gina. "There was a huge influx of Cypriots to Britain after the war and they brought with them the traditional craft of shoemaking." Although many such factories existed at that time, Gina, named after the 1950s film star Gina Lollobrigida, managed to outlive them all.

"There was very little sophistication in their craft at that time," says Aydin.

"They were general shoemakers who built working shoes which barely differed for men, women and children." They had the skills but there was little understanding of design and little regard for the sense of luxury and extravagance necessary to clothe women's feet with inconsequential slivers of absolute impracticality.

Christian Dior changed all that with the universal appeal of his New Look and the post-second world war return to glamour. But it was Kurt Geiger who revolutionised Britain's view of footware and introduced stylish Italian shoes to English women for the first time. "It was this trend that our father decided to exploit," adds Atilla. "He liked the sexiness of women, and particularly women's shoes, and this is why the company became known as Gina."

The company started on the edge of the City in a small Old Street workshop with a leaky roof and a temperamental coal stove in the middle of the concrete floor. "To keep the business afloat my mother worked there, too," explains Attila, "and I slept in the corner in an old shoe crate."

He laughs: "I know that sounds really Dickensian, but they really were hard times. Leather was still in very short supply so Dad used to strip down old shoes and handbags and even recouped the heels and straightened the nails in order to manufacture new pairs."

> 'Our father liked the sexiness of women; this is why the company is known as Gina'

Since then Gina's production has grown from around two to three pairs a week to more than 500, and the company has a workforce of more than 35 craftspeople creating shoes for export to exclusive boutiques round the world.

The brothers have collaborated with high-profile international fashion designers, including Balenciaga, Ghost, Amanda Wakely and Clements Ribiero, and are regularly approached to design and manufacture collections for catwalk presentations.

One of the most exciting additions to their portfolio is the Italian label Marni, which shows in Milan, and which is tipped to be the biggest fashion phenomenon since Prada.

Gina's rapid rise is far from accidental. Four years ago, the brothers opened their first London shop in Sloane Street and, at the same time, made a decision to rethink their strategy. They wanted to target a more international clientele which would pay a premium for cutting-edge design. There was to be less emphasis on obviously expensive decoration. "We realised," says Aydin, "that the only proper place for our shoes is on the feet of people who appreciate them for what they are."

From thinking that success meant selling as many shoes as possible to as many people as possible, the brothers have decided to sell fewer, finer shoes to more discerning people. "Having the right shoes on the right feet," says Aydin, "is what it's all about. That is what will drive long-term demand."

From New York-based "W" magazine to Italian Vogue, and most of the fashion glossies in between, editors have sat up and taken note.

For winter, Gina paid homage to the Manhattan skyline, with a collection of vertiginous skyscraper heels, teetering dangerously above *the urban pavement*, at around four perilous inches.

From their most delicate sandals, held on the foot by a wing, a prayer and a perfectly placed cross strap, to their signature knee-high boots, in chocolate stretch suede or 1980s-inspired red satin, every shoe in the collection has been injected with sexy urban savvy and laced with dangerous undertones.

However, they never let the temptation to create impractical flights of fancy detract from their ultimate goal – the creation of wonderful shoes which also work in the real world.

"Fit," they say, "is our obsession. You can't expect a woman to hobble around on ill-fitting 4in heels with just a couple of vermicelli straps attaching a fine sole to her feet. They have to be balanced, perfectly constructed and light as a feather so she feels as if she is walking on air."

Lightness is one of the qualities that people associate most closely with the Gina label. Just a couple of years ago when they sent a consignment of shoes to the Philippines, a call came that they had all been stolen. In fact, because the boxes felt so light, the recipient had just assumed they were empty.

"Creating elegant women's shoes is at least as complex as making men's bespoke shoes," explains Attila. "Each shoe is built around a last, which we develop, perhaps obsessively, in order to provide the best fit to the largest number of people. This is an ongoing process, which is extremely time-consuming and incredibly complex.

> 'The place for our shoes is on the feet of people who appreciate them for what they are'

"When the last has been perfected, the clicker cuts out the leather, the closer stitches the uppers together, the laster stretches these uppers to form the three dimensional form of the shoe and the finisher adds the heel and soles and the finishing details. There can be up to 30 closing combinations on any single shoe.

"It's more technically complex than most engineering processes, and this is where the skill comes in. Every skin of leather is different, from texture through stretch to colour absorption."

It is attention to such detail that attracts Gina's high-profile and devoted clientele. Although the brothers remain discreet about exactly who visits their Sloane Street boutique, it is widely known that their customers include Claudia Schiffer, Yasmin Le Bon, Queen Noor of Jordan and Cherie Blair. These women know that when they buy Gina shoes, they are buying something special.

In last spring's collection, for instance, the signature rose which adorned many of their shoes was lovingly and painstakingly created by their father.

"He spent five days, almost without sleep, working on its design," says Aydin. The result, assembled by hand from 14 individually moulded pieces of leather, resembled flowers from vintage Beleek china.

Aydin smiles, remembering the reaction from customers. "The roses looked so delicate and so utterly real that people kept smelling them, expecting them to have a scent," he says.

You can, although the brothers don't recommend it, bend a Gina shoe in half or carry it about all day in the bottom of your Prada tote bag; when released, it will automatically spring back into shape. Although they are made from the finest suede, satin, silk and sequins, with heels like needles and straps as fine as sewing thread, Gina shoes are built to last, and in terms of both construction and timelessly enduring appeal, that's exactly what they appear to do.

But the craftmanship does not come cheap. They may cost anything from £165 to £300, but those whose feet have slipped into them seem happy to pay it.

■ *Gina, 189 Sloane Street, London SW1 (0171-235 2932).*
■ *Damian Foxe is a writer with Time Out magazine.*

☐ Hand-made in a factory in Hackney, Gina's shoes are quietly becoming a cult label. For spring, heels are going to be perilously high but the combination of good lasts, attention to fit and perfect balance mean the shoes are more comfortable and more wearable than most. Prices range from £165 to £300

TRAVEL

Waiter, bring me your best gelato

Nicholas Woodsworth explores the elegance and warmth of café society in Turin

As an ardent enthusiast of Italian *gelati*, I have long been aware of an immutable axiom in the canon of ice-cream law – the further south you move down the Italian peninsula, the better the *gelati* get.

But as all students of physical gastronomy know, the exertion of any force in one direction elicits a reaction of equal force in the opposite direction. It is only recently that I discovered the postulate to the *gelati phenomenon: the further* north you move *up* the Italian peninsula, the better the cafés get.

You can get no further north in Italy than Piedmont – literally, the foot of the mountain. And the moment I set foot in its capital, Turin, I knew I had left the world of battered outdoor plastic tables and sun-faded Cinzano parasols far behind. Such things may be all very well on the grimy sidewalks of Calabria, but in the elegant 19th century piazzas of Turin they simply will not do.

What was it, I asked Eligio Savent Levet, proprietor of the Torino Caffè on the Piazza San Carlo, that made Turin's venerable old cafés so remarkable? For remarkable they certainly are. The Torino is a lavishly decorated spectacle of silk brocade walls, intricately painted wooden panels, sculpted mantelpieces, stone-carved statuary, mirrors, crystal chandeliers, gilded friezes and polished marble floors. Dotted here and there in this ornate landscape, like so many *nobili* in their private *palazzi*, were café patrons whiling away the time with chatter, newspapers and mid-morning refreshments.

Such magnificence, I had to admit, was worth at least a lick or two of any top-class *gelato*. Signor Savent Levet suggested I try instead a *bimbo*, a house specialty. And while a bow-tied bartender went to work with a blender, shaved ice, a cocktail glass and a bowl of tropical fruit, I listened.

Savent Levet was firm. Turin's long-lived and cosmopolitan café traditions, he said, had nothing to do with southern Italy at all. There was, first, a question of geography: Turin, just a hop and a skip from the Alps, had inherited sophisticated habits from northern Europe – it was more like Paris or Vienna than Naples.

Second, there was the matter of climate. It was all very well for southern Italians to lounge about on sunny streets, but in Turin it snows; Turinese cafés were therefore indoor cafés with a penchant for comfort and grand style.

> A bow-tied bartender went to work with blender, shaved ice, a cocktail glass and a bowl of tropical fruit

And third, I discovered, if it was cold outside, there was no lack of hot air inside. Italians love to talk, said Savant Levet, especially if politics are involved. While Garibaldi was charging about the Sicilian countryside last century with armed redshirts reunifying Italy, in the north, Turin's cafés became hotbeds of non-stop political debate by politicians, dreamers, poets, revolutionaries, reactionaries, society dandies and assorted hangers on. The intrigue may be gone, but I was assured there is plenty left to talk about.

I drained my *bimbo*. I would talk no more. On a cold winter's day like today, I decided, I could happily trade a Palermo *gelateria* for the warmth and elegance of the Caffè Torino. But were other Turinese cafés up to the mark? A café-crawl was the only way to find out.

A few minutes later, I was ensconced in the window corner of Al Bicerin. A great stone church, the Sanctuario della Consolata, loomed austerely before me. With just eight tables in a small wood-panelled room entirely bereft of gilt, plush and rococo Piedmontese curlicues, the Bicerin, I thought, looked rather austere as well. But then I met owner Signora Marité Costa, and all was revealed.

"You have chosen Count Cavour's seat," she said. Cavour, of course, was Italy's first prime minister, and a master of Turin's fierce political debates. Seeking refuge, he would come to the Bicerin, a café that was Turin's oldest, plainer than the others and, most important, frequented by the prim and proper, non-fire-breathing dowagers of the Piedmontese aristocracy; they used the Bicerin to warm up in after services in the cold and draughty church opposite.

If Cavour was an accomplished politician, he was an equally gifted concoctor of hot café drinks. It was here, I was told, that he refined the *bicerin*, a mixture of coffee, hot chocolate and cream. And if the well-born women of Piedmont preferred their surroundings plain, they had no objection to this rich and luxurious brew – it became one of the most popular drinks in Turin.

I sampled a *bicerin*, and it gave me enough courage to explore the frigid marble depths of the Consolata church myself.

Inspired by chocolate, I made my way to the Galleria Subalpina, a sumptuous, *fin-de-siècle* arcade built in graceful and curving wrought iron. The home of the Caffè-Pasticceria Baratti e Milano, it must, most decidedly, have attracted a *racier clientele* than the matrons of Al Bicerin.

"Oh why," wrote one of Baratti e Milano's more fevered male patrons, "am I not allowed – by an inopportune law – to approach you and kiss you, one by one? You beautiful, rounded mouths belonging to young ladies. Kiss you with the lingering taste of cream and chocolate. I have fallen in love with all the ladies who eat pastries and cakes at the confectioners." Those kinds of sentiment too vigorously expressed at Baratti e Milano's wood-carved, mirror-backed counters might get you arrested today, but the chocolate, cream and pastries there are as seductive as ever.

'Signor Savent Levet suggested I try instead a bimbo, a house speciality' C. Bowman

The Turinese, in fact, claim chocolate for themselves. "Swiss chocolate-makers learned it all from us – they simply took our recipes home after working here," Cristina Donati-Marello, café director, insisted. Nor would she tell exactly what went into Baratti e Milano's *cioccolata calda con panna*, a divine hot chocolate so thick and rich the spoon practically stood up in it. And indeed, I thought, wiping a moustache of cream away, if I were a Swiss spy, here was a secret worth crossing the Alps for.

But it is no secret that the real business of cafés, in the end, is not chocolate, or pastries, or silk brocade, or political gossip, or kisses. It is coffee. Nor is it a secret that Italians are among the most discriminating coffee drinkers in the world. Was the coffee of Turin, I asked Stefano Cavallero, proud proprietor of the Caffè San Carlo, up to the decor that surrounded it?

By way of answer, Cavallero guided me past swathes of red plush, tall marble columns and statues of lightly clad Roman maidens, to the bar.

Italian cafés, he said as the San Carlo's chief coffee-maker set to work at a gleaming, steaming eight-cup *espresso* machine, are as sociologically complex as Italy itself. No institution is as important in the country's day-to-day social life – there are neighbourhood cafés, football cafés, business cafés, bohemian cafés, intellectual cafés. Cafés are the first places where young people meet and the last places where old men say goodbye. Cafés keep Italians together.

Yet, said Cavallero, Italians will choose their café first and last for its coffee. The coffee beans themselves, the professional quality of the machine used, the practised skills of the maker all contribute to the final result, a drink superior to the one we could make at home.

A small cup, about one-third full of strong, dark, fragrant coffee was placed before me. A modest gulp would have seen it off in a second. I stirred in a little sugar, sipped and gave a long sigh. Cavallero serves a very special blend – the best coffee in Italy, he says – and compares it only to the *espresso* served in the Caffè Greco in Rome and the Caffè Florian in Venice.

But I disagreed. For satisfaction given, I could compare it only to some of the finer *gelati* of the south.

Filling the gorge's gap in the market

Michael Woods visits a master cheddar-maker in Somerset

Visit almost any English-speaking country in the world with a dairy industry and the one cheese it will have is cheddar.

Often rubbery in texture, generally brightly coloured and usually lacking in flavour, these cheeses are a poor imitation of a traditional or farmhouse cheddar from the genuine source.

Except that, oddly, very little cheddar cheese was being made in this well-known Somerset village until eight years ago, when the Cheddar Gorge Cheese Company opened its "working village" and, once again, you could readily buy cheddar made in Cheddar.

The products of master cheese-maker Philip Rainbow and his number two, Bob Bramley, have turned out to be remarkably popular and they now produce six 56lb truckles, as these hefty blocks of cheese are known, every day.

Between 10am and 4pm you can watch them go through the complicated process of adding starter and rennet to warm milk, taking out the curd, draining the whey, "cheddaring" the cheese by "agitating, blocking, turning and piling" it, and finally larding it and wrapping it in calico bandages before putting it in the store to mature.

Racks of cheeses – some of them the solid truckles, other, smaller sizes just big enough to fill the bellies of half-a-dozen ploughmen – can be seen through the window of the cool room where they have taken on a patina of blue-grey mould.

"It is a sort of penicillin," Verity Berg, the general manager, assured me. "If you work here you just don't get colds."

Naturally, there is a cheese shop in which variously aged cheeses are sold, along with flavours such as smoked applewood, mustard and white wine, and the very popular chives and garlic. The Cheddar Gorge Cheese Company is open to visitors from mid-March to the end of October for a small charge.

> You can watch the complicated process of 'cheddaring' the cheese

But there is more to the working village than the making of cheese. In addition to spinning, lace-making and pottery, there are the less traditional crafts such as candle carving and the making of coloured models, by filling glass shapes with different shades of sand, a game children love.

I spent some time talking to Trevor Thomas, the cooper, whose craft has declined to such an extent that he now seems to know personally every other master cooper in Britain.

He said that for decades British coopers have simply recycled the staves of old barrels, making full use of the virtuous Russian oak from which the best are made. Russian oak has a tight grain and does not "shake" or split like similar British timber. But it seems sad that this once-proud maker of beer barrels for breweries is reduced to fashioning small brass-bound barrels for use as ornaments.

Once you have tasted your cheese, carefully chosen your carved candle, filled your bottle with sand and thrown your pot, it is time to explore the rest of the gorge.

A short distance up the hill, past the neat but well-hidden crazy golf course, are Cheddar Showcaves, where you can take guided tours of beautifully decorated chambers of both Gough's and Cox's Caves.

Underground, clear pools with carefully located and elaborate lighting emphasise formations such as the Swiss Village and Aladdin's Cave. The Showcaves are open all year, except on Christmas day and Boxing day.

For those who want to escape the bustle of the busiest part of the gorge, there is a way-marked Gorge Walk, beginning at the top of the 217 steps of Jacob's Ladder and taking you along the rim of the cliffs to Black Rock where you cross the road and follow the opposite side of the gorge back to your starting point.

It was a fine autumn day when I reached the highest point and was able to teeter on the edge and gaze into the abyss at toy coaches negotiating the bends below. From here I could look west to Exmoor and the glint of the Bristol Channel and south-east across the Somerset Levels to Glastonbury Tor.

In the summer, the close cropped grassland is studded with flowers, including the endemic Cheddar pink which is finally daring to spread from its rocky fastnesses, where it has survived undamaged for years, into more accessible areas where we can admire it without resorting to ropes and climbing boots.

Its spread has been helped by ivy-munching Soay sheep. The largest feral flock – 88 at the last count – in mainland Britain lives here amid the rocky outcrops and tourist vehicles. The flock has grown over five years from a nucleus of four animals and, like the Cheddar Cheese Company, has established itself as a new and vital element in the curious mix of life in and around the gorge.

■ *The Cheddar Gorge Cheese Company, The Cliffs, Cheddar, Somerset BS27 3QA. Tel: 01934-742810. Cheddar Showcaves, The Cliffs, Cheddar, Somerset BS27 3QF. Tel: 01934-742343.*

Travel updates

☐ **VALENTINE SONG:** See Riccardo Muti conducting *The Magic Flute* at La Scala in Milan on a £640 Valentine's weekend break (February 13-15) with Travel for the Arts (+44 0171-483 2297), whose specialty is small-group tours often including backstage theatre tours and visits to private villas or art collections. Other spring tours visit the Met in New York, Donizetti at the Palais Garnier, Wagner at Berlin's Easter Festival.

☐ **BITE BACK:** On holiday, you drink too much, rashly take part in an exhibition match with Mike Tyson, and damage several teeth. Fear not! You get out your Dentanurse First Aid Kit, enabling you temporarily to replace a lost filling, crown or bridge until you can get to your dentist. Only £10.95 from chemists, or from the makers (+44 01981-500135). Alas, re-attaching your ear may not be so simple.

☐ **END LOOMS:** Steppes East says its 1998 Embroidery and Textile Tour of Central Asia, in September, will be the last. For their £2,195 guests get 15 days in the textile centres of Khiva, Ashkabad, Merv, Bukhara and Samarkand, visiting weavers, bazaars and museums, in the company of expert Sheila Paine. Details from +44 01285-810267.

☐ **BE A PILGRIM:** Join a pilgrimage to Lourdes, or other destinations, with St Peters Pilgrims (+44 0181-244 8844). Each group consists of about 60 pilgrims, led by a Roman Catholic priest and guide.

John Westbrooke

TRAVEL

Wandering with the winter wildlife

Arnie Wilson finds some novel ways of taking a break from skiing when he visits Wyoming

When Pepi Stiegler, carrying a freshly minted Olympic gold medal in his pocket, was lured to Jackson Hole to teach skiing in 1965, a week in the Wyoming resort could be had for $61 all-in.

The amiable Austrian devoted his life to making skiers out of "lowland, shoulder-throwing flatlanders". He survived numerous practical jokes – the most noteworthy being told early on April Fool's day that all five of the Austrian instructors he had hired had been jailed.

"But America's been very good to me," he said at a lunch in his honour at his brother Peter's restaurant during the Christmas break. "Most likely I've had a better life than I would have had in Austria."

Gisela Kenyon, a German instructor, handed round a photograph of the ski school in the 1960s, joking: "I'm the only living person in this picture apart from Pepi. And everyone in the photo has an accent."

Nostalgia over, Stiegler grabbed his skis for a taste of the future – playing on Jackson's much-trumpeted new $6m gondola, which had opened that morning.

Although Jackson's ski corporation hopes the gondola will attract more skiers, the resort still has a relatively small passing trade. Wyoming's population is tiny: less than 500,000. But as Jim Geringer, the state governor, was quick to note at the opening ceremony, Wyoming is celebrated for its "high altitude, low multitude and good attitude".

And although Jackson teems with Yellowstone-bound tourists in the summer, it is relatively quiet in winter.

Jackson, in common with many other resorts on both sides of the Atlantic, is trying to spread the word about other attractions in the area which often go unnoticed by holidaymakers determined to do nothing but ski for the duration of their stay.

This particular part of Wyoming, around the Bridger-Teton National Forest in the Grand Teton and Yellowstone national parks, is truly spectacular. Almost everyone who goes to Jackson attempts to get a glimpse of Yellowstone, but few are aware of Togwotee Pass to the south-east, in the Shoshone National Forest. Its almost surreal Pinnacle Mountains look for all the world as if they were specially built for a classic Hollywood western.

> It is arguably one of the most beautiful mountain lodges in the US

Although most wild-west cognoscenti know that the magnificent Tetons provided the backdrop to the film *Shane*, fewer will be aware that it was near the Pinnacles that Glenn Ford shot Ernest Borgnine during the filming of *Jubal* in 1956 – a short but spectacular snowmobile ride away in what is arguably one of the most beautiful mountain lodges in the US. If you are ever going to be caught in a snowstorm and forced to spend the night en route, you would be hard pressed to improve on this location.

Brooks Lake Lodge and Guest Ranch was originally built to serve bus travellers on their way to Yellowstone. Bryant B. Brooks, who discovered the nearby lake in 1889, wrote: "Far to the west and down, down thousands of feet below, among the pines, glistened a lake, large and beautiful. What a sight!

"The beach was like the ocean, but dented by innumerable tracks of elk and bear. From the upper end, where I sat on my horse, stretched a broad, peaceful valley, everywhere profound silence. I stood closer that day to nature's heart than ever before."

More recently, a traveller from Henley-on-Thames in the UK was equally impressed. He wrote in the guest book: "The most wonderful hideaway in the world."

Closer to Jackson, if you feel like a break from skiing, you could try a winter wildlife safari. Wildlife in the valley is prolific. You can study the pronghorn antelope – reputedly the fastest animal alive after the cheetah – bighorn sheep, the world's biggest elk reserve, moose, coyote, bald and golden eagles, trumpeter swans and even porcupines.

One particular beast, a pregnant porcupine called Kupie, appeared to have more sharp prongs than the the Tetons. Kupie decided to climb a tree somewhere in the middle of the woods and our mission was to get her down. Not an easy task.

Someone was going to have to climb the tree, drug her to assist handling and allow us to remove her collar, complete with the tiny device which had enabled the Great Plains Wildlife Institute to monitor her movements.

That particular porcupine monitoring programme was coming to an end, and Kupie was being immobilised before being demobilised. Her homing device would enable us to track her for one last time.

"These days they can make these devices so small they can be put on bees," said Tom Ruszkowski, our guide. He aimed what looked like an old-fashioned table-top television aerial in the direction of a clump of lodgepole pine, spruce and beech. A strong blip could be heard. We found Kupie high in the branches of a pine tree.

I did not mind helping with the delicate task of removing the collar, but I certainly was not going to climb the tree to get her down. That was the task of biologist Mike Sanctuary.

"Are you anxious?" I asked as he started to climb, a large net over his shoulder. "I am a little, yes," he said.

"About getting spiked by her quills?"

"Oh no," replied Sanctuary. "I'm not worried about me. I'm worried about the porcupine." Inch by inch, he climbed towards her, finally getting close enough to inject her with muscle-relaxant. Then we watched the inevitable.

Her grip on the branch gradually relaxed and she started, little by little, to slide off. Plop. Right into the net. The rest was simple. But fascinating.

Two of us carried her gently to a towel spread on the snow. "It's just like holding a baby," said one of our group, who had never even seen a porcupine before, except on television.

> After such an intriguing break, we skied the following day with gusto

While Ruszkowski helped us cut through the collar, Elinor, another of our number, eased Kupie's eyelids shut. Finally, the job was done.

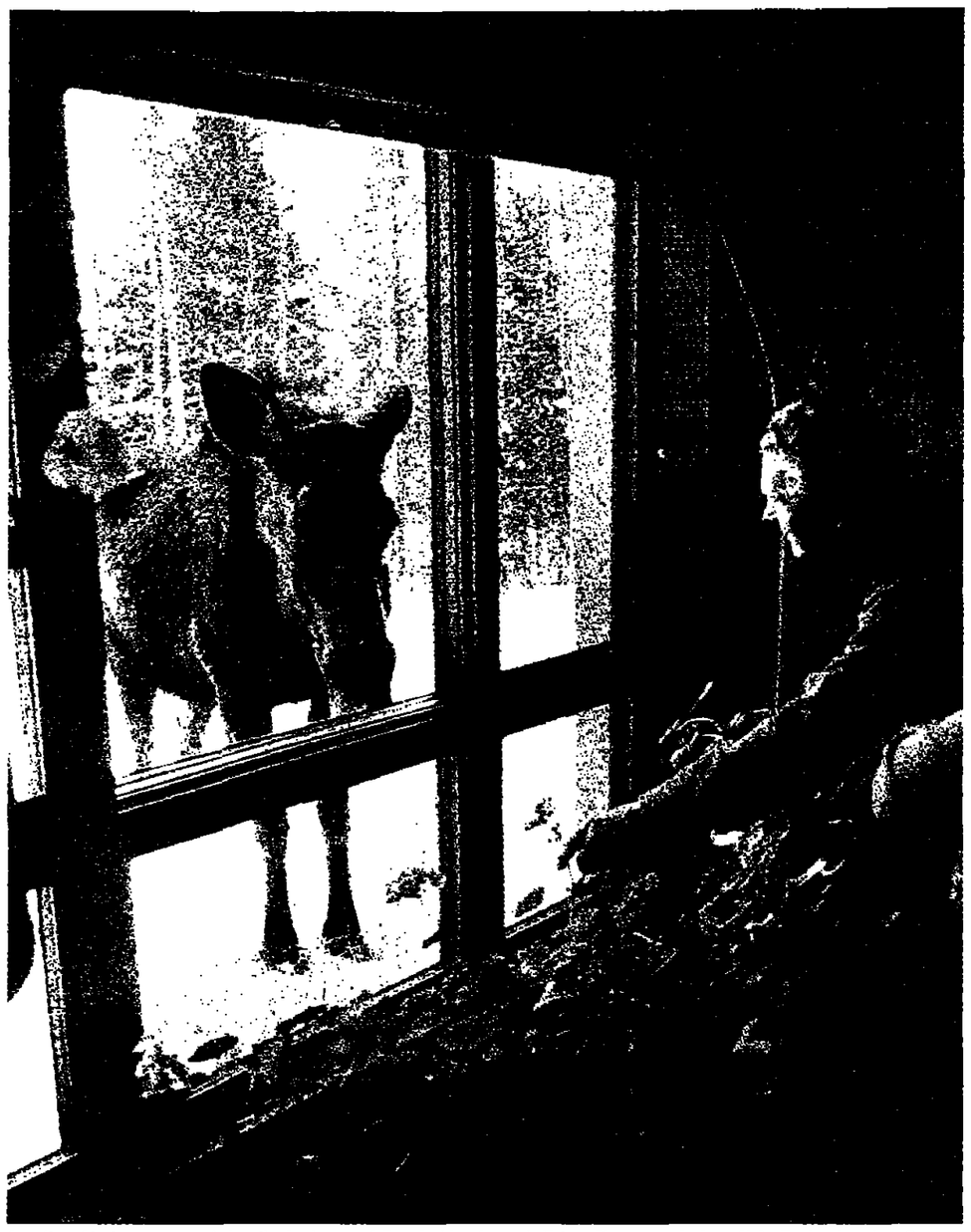
While the rest of us snowshoed back across the glistening fields to go in search of moose (we had seen 22 by the end of the day), Sanctuary was left to supervise Kupie's recovery and safe return to her solitary life. That is, until the birth of her baby porcupine.

After such an intriguing and enchanting break, we skied the following day with gusto. As I rode the Tram, I even caught a glimpse of two large moose on the slopes below – just as Pepi Stiegler did during his first visit more than 30 years ago.

■ *Arnie Wilson flew to Jackson Hole via Denver with United Airlines.*

■ *The Great Plains Wildlife Institute can be contacted at PO Box 7580, Jackson Hole, Wyoming 83001. Tel: 001-307-733-2623.*

■ *Brooks Lake Lodge is at 458 Brooks Lake Road, Dubois, Wyoming 83513. Tel: 001 307 455 2121.*



A matter of taste: a moose admires the fresh green foliage inside a house in Teton village, near Jackson Hole. For lunch perhaps? However, householder Warren Francis decided it was a case of 'not in my backyard' and lowered the blinds AP Photo/Post-Register, Robert Bower

هكذا من الاصل

PROPERTY

Waterfront prices push buyers inland

Our property writers resume their search for the best winter holiday homes. On the first of two pages, Anne Spackman says head for the hills for affordable quality properties in Spain and Portugal

"The days of chucking up rubbish and selling it in Spain are gone," says Naomi Greatbanks, who covers Knight Frank's Mediterranean offices.

Sadly, poorly built apartments are not gone entirely, but there are fewer of them and they are increasingly concentrated in a few coastal areas. Buyers can tell very quickly where they do and do not want to be.

Anyone who wants a proper home on the waterfront, either in Spain or its islands of Majorca or Ibiza, needs at least £1m to play with. Those wanting good property at a lower price are heading farther back into the hills to find it, accepting a longer journey to the sea in return for cooler air, greener surroundings and better views. The no-man's-land in between is being choked out by traffic. It is the same story in the south of France.

In the hills behind Marbella, sites such as the Madroñal estate and La Zagaleta are considered classy places to buy. The properties for sale meet the new demand for a more traditional, country-house style.

Gone is the white and marble of previous decades, replaced by colour-washed walls in shades of terracotta, exposed beams and traditional shutters.

Knight Frank is currently selling a very stylish example, with good winter and summer reception areas, a large master bedroom suite with terraces, a guest wing, pool and gardens for Pta295m (£1.2m).

At La Zagaleta, the former home of Adnan Kashoggi, has been turned into a huge clubhouse for a private development of villas with pools and its own 18-hole golf course. Nearly 100 plots have been sold to villa owners and four houses have been built for sale, with prices between £1m and £1.5m. So far, all buyers have been European.

Bill McLintock of Hamptons International says a more modest home with three or four bedrooms and a pool is likely to fetch between £350,000 and £500,000. "It's not cheap," he points out.

There seems no end to Majorca's growing fashionability. The island has now become more expensive than Marbella, with houses on the coast costing between £1m and £2m. High profile buyers from the world of show business, coupled with the development of Richard Branson's hotel, La Residencia, have improved its profile, as has the up-grading of cheap resorts such as Arenal and Magaluf.

Majorca is the only Balearic island where year-round visitors tend to buy. Ibiza and Minorca close down in the winter – and their lack of scheduled flights makes the journey very long for short breaks.

Both Majorca and Malaga, by contrast, are serviced by airlines from most northern European cities, with plenty of competition on prices. EasyJet has recently introduced a £59 single fare from Luton to Majorca.

Germans have traditionally led buying sprees in Spain and Majorca. For now, they are spending less as UK buyers move in on the back of the strong pound.

Bill McLintock points out that currency variables will be removed if there is widespread entry into European economic and monetary union. He believes UK buyers would do well to take advantage of the current state of the market to buy relatively cheaply.

Estate agents in the region recommend that overseas buyers use Spanish lawyers to conduct their purchase. Most have a list of four or five who are used to handling overseas customers and who they have found to be reliable.

■ Unlike the Costa del Sol, Portugal does have a winter. The further north you go, the wetter and windier it becomes. For winter sun, the area around Lisbon and the lovely hill town of Sintra, where many of Portugal's best houses are to be found, is out. Buyers have to head south to the Algarve, where two areas are setting the pace.

The number one destination for most house-hunters is Quinta do Lago. This development was the brainchild of Portugal's most renowned developer, André Jordan, who decided there was a market for American-style large houses in large gardens, as well as modest boxes on golf courses. At Quinta do Lago, buyers get their golf as well.

Prices for second-hand property currently range from £500,000 to more than £1m for a large detached villa with pool. There are also time-share options.

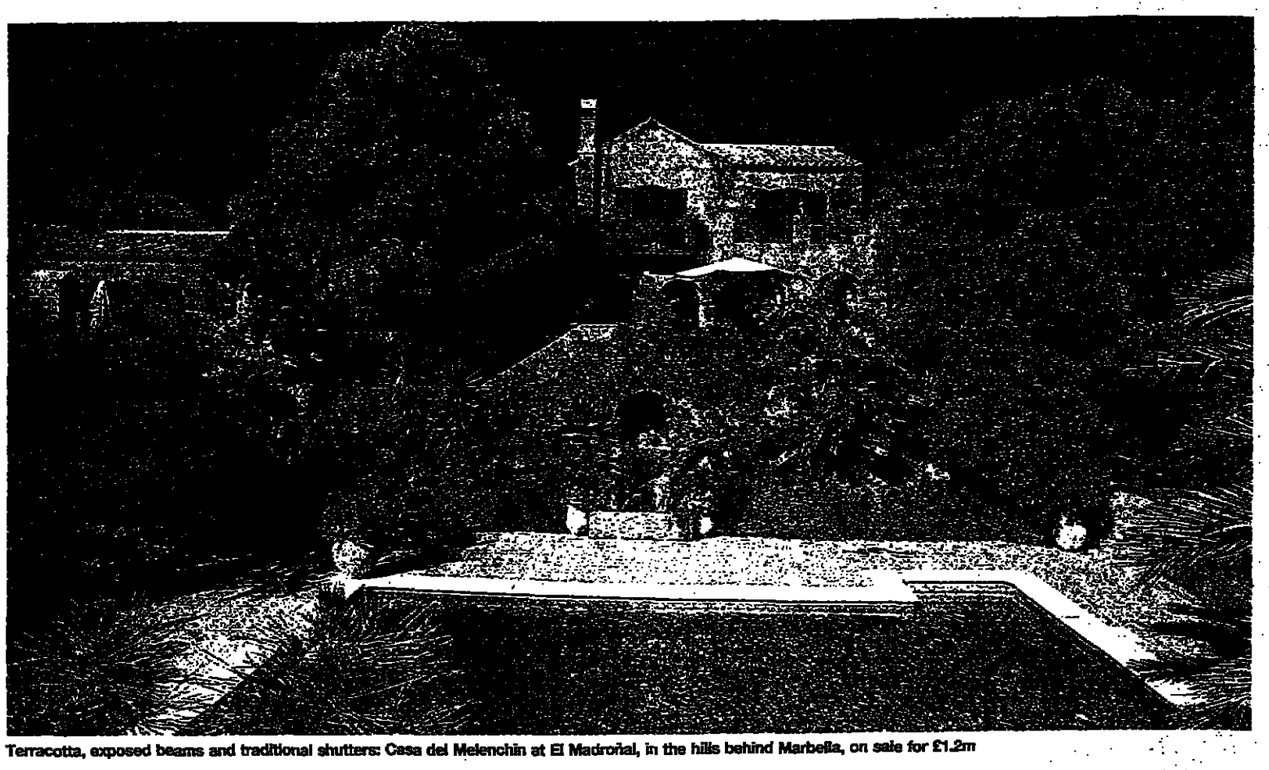
Security – an increasingly important feature of second-homes – is good. A drawback is that a part of the development is too exposed to the nearby airport.

Noel De Keyzer of Savills says the key qualities of Quinta do Lago are its maturity and its sense of space. "It has a hotel and country club, but it also has a nature reserve and unspoilt beaches. It doesn't feel packed in," he says.

This year, André Jordan is planning to build the next phase of the development. Those who cannot afford Quinta are opting for Val do Lobo, which is also considered a cut above its rivals.

Unlike Spain and France, early pioneers in the Algarve preferred the hills to the coast, despite Portugal having wonderful clean, sandy beaches.

Now the trend is moving the other way. As a result, houses in the hills, built in the last 20 years, can present a good buy. Savills is selling a villa with pool, terraces and gardens about 20 minutes from the coast for £250,000.



Terracotta, exposed beams and traditional shutters: Casa del Melenchin at El Madroñal, in the hills behind Marbella, on sale for £1.2m

A villa with small farm: Quinta das Ferrarias at Almancil, near Vale do Lobo. Savills seeks £1m

France leads the pack in the Alps

France is the main destination for purchasers of ski apartments. Compared with its Alpine neighbours, particularly Switzerland, there are more places to buy, it is easier to buy them and they are cheaper than elsewhere – in spite of purchase taxes of around 10 per cent. In addition, France has some of Europe's most reliable snow at its highest resorts.

Second-hand ski apartments cost from around £70,000 – although even the smallest may carry a hefty service charge. Some of that can be recouped through holiday rentals if the apartment is in an appropriate block.

One development company which is very active in the French Alps is Société MGM. It is currently building 14 chalet-style schemes in places such as Méribel, Courchevel and Val d'Isère, with prices ranging from around £100,000 to £400,000. They are marketed outside France by Hamptons International.

Although the British market is currently strong, the majority of buyers tend to be French. Easy access from the motorways and airports, as well as access to the slopes and lifts, is a key consideration.

PROPERTY

Greece

Island life can be a gamble worth taking

For those able to cope with the winter weather, there is much to enjoy, says Gerald Cadogan

Only the brave, or the keen gambler, goes to a Greek island home in winter. There is every chance of a storm. Greeks always allow some flexibility in their plans, since, once ferries do not sail, it can take an extra week to get back to Athens.

There is also the damp. Winter in the Mediterranean is a rainy season and central heating is not universal (since it is unnecessary for most of the year). Expect damp sheets when going to bed, and damp clothes the next morning. The damp can make one feel colder than in the true cold of northern Europe.

But between the Aegean storms come glorious sunny days. Then it is time to stop work and take off for a walk in the country, when the air is crisp, the views fantastic after the rains, and the sun warming. It is a joy to go in search of a Byzantine church, followed by a lazy lunch in a taverna, before returning to light the fire in the calm of one's whitewashed, blue-shuttered island home.

The best times to enjoy a home in Greece are May, when it is not too hot and the wild flowers still bloom, and October which is excellent for bathing as the sea remains warm (and is much warmer than in the spring).

Summer brings the intoxication of heat, sun and sand, and lots of other people, as well as occasional savage winds, water shortages and heavy days that may presage an earthquake.

For those willing to cope with wildly varying weather that seems to dominate daily life (and many find they are not prepared to put up with this sort of regime), Greece is ideal.

Winter is a good time to look for a property, if you allow for weather delays in your island-hopping schedule. The market is quieter and buyers may be able to agree a better price.

Keep in mind that although properties have often been on the market a long time, vendors may feel no rush to sell unless the price suits them.

This year, the market will be markedly quiet after a busy 1997, during which sellers and buyers rushed to complete sales before the end of the year. From January 1, changes to the transfer taxes system came into force. The rate stayed at 13 per cent of the declared value of the sale – but the amounts people will actually pay is certain to rise significantly.

"Declared values" in property sales in Mediterranean countries have traditionally been markedly different from the sums that really change hands.

The change the Greek government has introduced is meant to tackle this under-declaring of values: it plans to arrange valuations itself, through the equivalent of the district valuer.

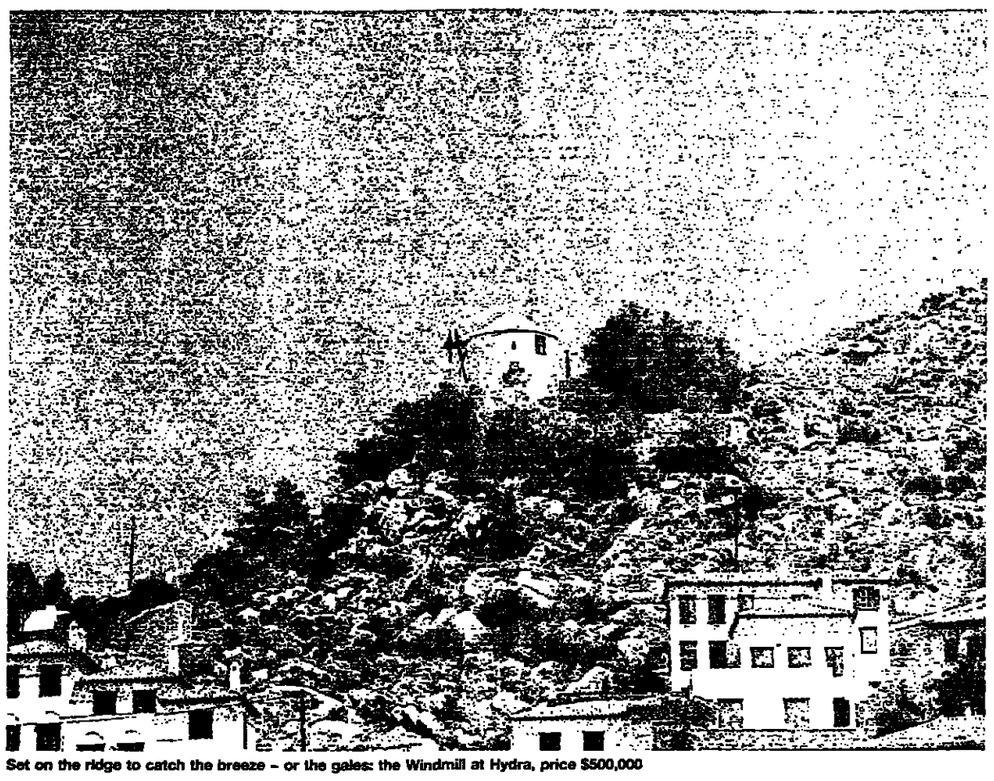
So, regardless of what the parties to the deal may claim they have paid, declared values will go up 40 or 50 per cent, says Yannis Ploumis of Ploumis-Sotiropoulos, the Athens affiliate of Sotheby's International Realty.

He predicts a quiet market for the first six months of 1998, making it "not a bad time to buy", in spite of the extra tax.

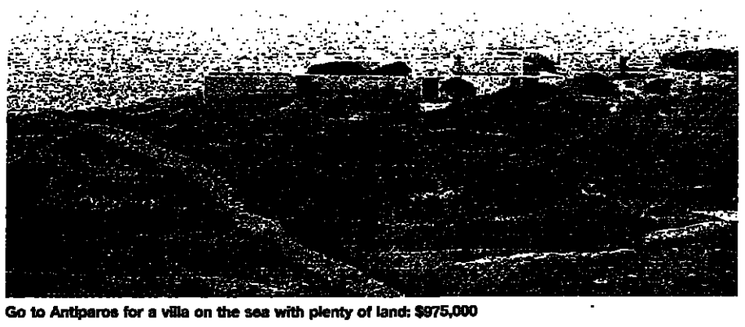
Most buyers of island homes are Greeks. "Foreigners," he says, "are not yet prepared to pay Greek real estate prices." These have traditionally been high as property is the one secure investment in a country in which an "emerging" stock market has only lately started to emerge.

Even so, prices are cheaper than in the south of France, Italy or Spain. In the 1960s and 1970s they were rock-bottom.

Today, as island infrastructures improve – on some, life is still quite simple – Ploumis expects more foreigners to buy properties which offer adequate comfort as well as the beauty of the rocks, mountains and sea that is the hallmark of the islands – and rare in the rest of the Mediterranean.



Set on the ridge to catch the breeze – or the gales: the Windmill at Hydra, price $500,000



Go to Antiparos for a villa on the sea with plenty of land: $975,000

The first query of any buyer must be the water supply. (On several islands water is shipped in.) Be a pessimist. If there are cuts, or the house spring has run dry in August, expect trouble to get worse.

Improving lifestyles rely on water, whether to shower several times a day, or for the garden. One answer is to install a desalination unit.

It is easy now for foreigners to buy property on any Greek island except those near the Turkish coast. Ploumis notes that foreigners tend to prefer Kerkyra (Corfu) and Mykonos, as the main international centres, while (Athenian) Greeks favour Spetses and Hydra, which are easy to reach from Piraeus by the Flying Dolphin hydrofoils. Foreigners also go to Paros and Syros.

The northern Aegean islands, which are lovely places with woods (something one values in Greece), are less popular as they have a shorter summer season.

Ploumis-Sotiropoulos offers villas on several islands. In the Cyclades, one on Mykonos called Super Paradise Villa (built in 1991) costs $700,000. (Greek property prices are denominated in various currencies.)

If I were buying, however, I would go first to Lavrion in Attica and take the ferry to Kea, an unspoilt island with one of the Aegean's best natural harbours, little known to foreigners and spared the full miasma of tourism because the boat journey (in a ferry that used to ply Liverpool's Mersey river) can be extremely rough. Near the port of Korissia is a villa for $380,000.

Or go to Paros for Naoussa Villa (Dr100m) or its small neighbour, Antiparos, for a villa on the sea with plenty of land (12,000 square metres) for $975,000.

On Kerkyra, P-S offers a prime 30,000 square metre plot near Kassiopi, with its own small beach and views across to Albania, for Dr350m, and an inland villa without a sea view but with 80,000 square metres (almost 20 acres) and plenty of olives for one's own extra virgin oil, for £200,000.

In northern Greece, a villa fit for a ship-owner, complete with its own chapel, costs Dr1.2bn on the Kassandra peninsula. Thessaloniki is the local airport.

By the harbour of smart Hydra, where the white houses climb up the encircling cliff as if on the inside of a pudding basin, P-S is selling a windmill for $500,000, set on the ridge to catch the cooling breezes in summer (but also the winter gales), and other houses for $300,000 and $1.5m.

Halcyon has houses for £60,000 (high above the port and needing work) and £200,000 at the entrance to the harbour. Sit there, ouzo in hand, and watch the hydrofoils zoom in and out.

Finally, Spetses is a gorgeous, car-less small island, where architect Dimitri Porphyrios (of the new buildings at Magdalen College, Oxford) is designing some of the most handsome holiday houses in Greece in the 19th century neo-classical island tradition for 3D Development in a new-build scheme called Pitiousa. Prices start from around Dr70m.

■ *Halcyon Properties, Poros (0030-298 24175) and Seaford (01323-891639); Ploumis-Sotiropoulos, Athens (0030-1-364 3112); 3D Development, Athens (0030-1-680 4404).*

On the Move

Market is subdued

Anne Spackman finds interest rates are blamed for slow sales

More estate agents are reporting rising house prices in the northern regions of England than in the south. Only 14 per cent of estate agents in the south-west and 18 per cent in the home counties say prices are rising, compared with 27 per cent in the north-east and 32 per cent in the northern region. The figures come in the latest monthly survey by the Royal Institution of Chartered Surveyors.

Agents in the northern region – which covers Teesside, Durham, Northumberland and Cumbria – say the shortage of property for sale is pushing up prices of country and village houses, which are the properties in highest demand.

The exception to the geographical rule is London, where the number of agents saying prices are rising is 40 per cent, though this hardly corresponds with the comments of London agents in the report. Several mention that prices have stabilised or even fallen.

David Beamish of Bishop Beamish in Wandsworth says: "Prices may have been pushed too high earlier in 1997 and may need to be reduced early this year to attract purchasers."

Nationally, the mood of the housing market is subdued. The RICS blames successive interest rate rises for the slowdown.

A sail away

Two houses within striking distance of the picturesque sailing town of Salcombe in Devon have come on to the market. Lower Collaton is a mainly 300-year-old farmhouse, with a coach house and nine acres of land, half a mile by foot, and three miles by road, inland from Salcombe. The main house has four bedrooms and an Aga kitchen; the coach house consists of a double garage with galleried one-bedroom flat above. The price for the whole is £395,000.

A similarly sized contemporary farmhouse, but with more than 200 acres of land, including two miles of foreshore leased from the National Trust and a slipway, is priced at £750,000. Lincombe, to the north of Salcombe, consists of arable and pasture land, served by modern farm buildings. Agents for this and Lower Collaton are Marchand Petit in Kingsbridge on 01548-857588.

One up, one down

Two large period family houses in Clapham are up for sale, one in need of modernisation and one in excellent condition.

The former is one of the early 18th century terraces in Clapham Old Town, with rare period features such as wooden cornices and Doric columns on wooden pediments. John D Wood in Battersea (0171-228 0174) is asking £675,000.

The house in excellent condition is one of the impressive five-storey early Victorian terraces on Clapham Common Northside. Owned by a former member of the rock band, Roxy Music, it has a large music room/study/office area on the lower ground floor. There is a garden at the back landscaped into three distinct areas and a carriage driveway with parking at the front. Knight Frank (0171-824 8171) is asking £1.25m.

North Africa

Let's take a coffee break

Gerald Cadogan says buyers need patience in Tunisia or Morocco

Patience and a stomach for many cups of coffee are essential attributes for anyone buying a holiday home in Arab north-western Africa.

Also needed is an unflustered readiness to adjourn discussions – which can wander through by-ways that appear to have no relevance to obtaining the property – so that the parties can think afresh about the potential deal.

Friends in the area are another essential – people who may happen to know what a third party may be willing to sell, and what would be the right price. Such friends truly matter, because of the scarcity of professional consultants in the area. Estate agents or realtors are rare, and the property markets unstructured.

But, by using connections, deals can happen. It just means that buyers need all the help they can get. One thing that can help greatly, throughout Morocco and Tunisia, is a knowledge of the French language.

Political events make Algeria, far the largest country in the region, hardly a choice at present. But Tunisia and Morocco offer possibilities, and are lovely countries with much to see, including spectacular Roman remains.

In Tunisia the best places to buy are Hamamet (south of Tunis) and Sidi Bou Said (on the edge of Tunis, near ancient Carthage), according to an old Tunisian hand.

At Hamamet, several Europeans have found places, often needing work but with views over the Bay of Hamamet, within the medina. (Medina means "town" in Arabic but always refers to the pre-European, or non-European, old quarter of a town, often walled.)

> 'I am always giving prospective tenants a geography lesson'

Another option is to buy a new villa with garden, pool and central heating (for the Mediterranean winter) in Hamamet, Mahdia or Monastir, suggests Chafik Zaafrani of Tunis agency Royal Business Contact. The currency is Tunisian dinars and prices for such properties range from TD180,000 to TD210,000 (around £95,000 to £111,000).

For an apartment *de haut standing* – a useful property phrase in Tunisia as in France – expect to pay between TD110,000 and TD130,000 for between 70 and 130 square metres. Zaafrani also suggests looking at Gammarth (a few kilometres north-west of Sidi Bou Said), the Zarziz region in the south of the country, and Tabarka in the north-west.

Have a lawyer from the locality check the arrangements thoroughly, including the procedures for selling in the future. Agreement from the local authorities is needed before foreigners can buy, and often to sell as well – which might result in a lower price or a heavy tax bill.

For buyers in Morocco, the choice is usually between Marrakesh and Tangier. Marrakesh is gloriously warm and sunny at this time of year – just the tonic for north Europeans struggling through winter – but in summer it can be unbearably hot.

Tangier is the opposite. There, the usual Mediterranean wet, grey winter is wetter and greyer thanks to the Atlantic storms on their way into the Mediterranean. "I am always having to give my prospective tenants a geography lesson, explaining that it is not necessarily the place for a winter escape," says a British villa owner.

On the hand, Tangier is easy to reach by ferry from Algeciras or Gibraltar. The season starts in March.

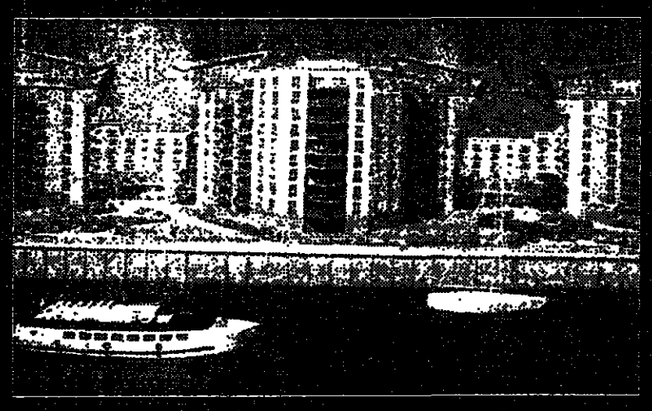
In summer, the villa-owner charges £2,500 a week rent ("that's top whack," she says) for a villa that sleeps 10. "The French queue up to rent. They love Morocco in July and August and feel quite at home. For them it is a smart place to go."

In Tangier, Boubker Temli helps friends find properties. "There are no agents here," says Temli, of Galerie Tindouf, an art and antique dealer at rue Liberté 64. "It is all word of mouth, but there are some beautiful houses."

Prices start at around £30,000 for a simple Moroccan house and rise to £300,000 for a good villa. One villa recently sold for $1.8m.

The rumour in Tangier now is that Yves St Laurent is buying, and that the palace once owned by the late Malcolm Forbes (and used to display his collection of model soldiers) is for sale. Most buyers, says Temli, are French or English. A few are American.

Agent Diana Morales, based at Marbella in Spain, is often consulted about properties in Morocco. Valuing them is the chief difficulty: "I find that there is one price for the locals, and one for the foreigners." She says it can be easier to buy from foreign owners.



Sailing

Starting gun on the stroke of midnight

Pete Goss tells **Richard Donkin** about The Race, which sails at the first moment of the next millennium

Few people have more reason to be focused on the coming millennium than Pete Goss, the round-the-world yachtsman. As midnight approaches on New Year's Eve 2000, while millions of others will be listening for the first stroke of Big Ben, Goss will be dressed in his oilskins at the helm of one of the fastest racing yachts in history, awaiting the starting gun for what promises to be the sailing experience of a lifetime.

The gun will mark the start of what has been billed simply as "The Race", a yacht race round the world unencumbered by rules and regulations. The only condition is that entering skippers need to have come close to certain ocean-going records. They can enter yachts of any shape or size with any complement of crew.

It has fired the imagination of the world's best ocean sailors, who know that to find a competitive yacht will take a hefty commitment from big-name sponsors.

The 35-year-old Goss could have been made for such a moment. It is a year ago last Boxing day that he plucked Raphael Dinelli from the Southern Ocean after the French yachtsman's boat had capsized. Both were racing in the Vendée Globe single-handed round-the-world race.

In a world where just about everything has been explored and every physical challenge conquered, Goss set new heights of endeavour when he turned back his yacht into the teeth of a 70mph gale to go to Dinelli's aid.

"The waves were so high that even when I had reached Raphael's raft and I had a positional fix, I could not see it and needed a tracker aircraft to point it out," he said. Dinelli was a lucky man. Strapped to the hull of his upturned yacht, he had survived 48 hours. The boat's life raft had been swept away but he managed to clamber into another one, dropped by an aircraft just two hours before his yacht sank.

The two men became such good friends that they recently competed together in the 5,000-mile Transat Jacques Vabre race from Le Havre to Colombia, winning their class.

Today, however, Goss is back at his desk in a spartan Southampton office doing what he calls his job – raising the £5m sponsorship he needs to build a competitive yacht for The Race. He sits at one desk while fellow yachtsman Andy Hindley, skipper of Save the Children in the BT Global Challenge, sits at another, working on sponsorship for an entry into next year's Around Alone event.

"Finding sponsors is the real job for all of us," says Goss. "I don't consider myself a professional sailor. It's still a hobby."

The hobby has taken a lifetime to develop. While Goss wasn't actually born on a boat, he comes from a long line of seafarers and spent much of his youth living on a cruiser on the river Yealm in Devon. He left school at 16 with one O-level, a grade C in mathematics, and went to work on the tugs in Plymouth. Some of his fellow crewmen were former Royal Marines who inspired him to join the service. "It was the best thing I ever did. I did nine years with the marines and learned so much," he said.

> 'It's going to be a global drag race in the biggest, fastest, most high-tech sailing vessels ever made'

His sailing experience made him a perfect choice as an instructor when the marines acquired a sail-training yacht. On leaving the service, he started to build his own boat and entered a number of events before meeting Chay Blyth, the veteran yachtsman who was about to launch the British Steel Challenge round-the-world event with identical yachts using amateur crews. Goss was recruited as trainer and skipper of one of the boats.

But even as he was sailing round the world, his mind was focused on the Vendée Globe. "I think it's important to have a specific goal in your mind."

Today it is The Race, and building the team of sponsors, designers and boat constructors who must come together to make it happen. Goss applies the same principles and values to this as he does to his sailing. "We were offered £4m by a tobacco company a few months ago, which we turned down because that's not really what we are about."

His idea is to create a community of sponsors who feel comfortable with each other. These include BMW Performance, the motor company; 3M, the diversified manufacturing company; and Humana International, an executive search firm.

The Vendée Globe was a huge financial gamble for Goss, who stood to lose his house because of the debts incurred in financing the £450,000 construction of the yacht. This was a modest outlay compared to other Vendée competitors, some of whom had budgets running towards £12m. In the event, his sponsors came to his rescue and he is once again on a firm financial footing.

While the Vendée entry involved a compromise on boat size – his 50ft yacht had a tall order competing against 60-footers, regarded as the ideal size for a racing boat – Goss did have the help of Martyn Smith, who designed the front section of Concorde. Smith created a revolutionary swinging keel which could be angled to compensate for the boat having much less ballast than other competing vessels. This allowed Goss to achieve a record 24-hour run for a 50-footer of 344.8 miles.

His new yacht, which will be a giant catamaran, Goss revealed yesterday, will need to be much faster, considering the distance record of 449 miles for a 24-hour run set by Lawrie Smith's Silk Cut crew in the Southern Ocean leg of the Whitbread race.

"The new boat will need to be capable of 40 knots downwind," says Goss. "It's going to be a global drag race in the most high-tech sailing vessels ever made. All sailors want to do this race. It shouldn't be measured against other sailing events. There has been nothing like it before."

Pete Goss: 'We were offered £4m by a tobacco company a few months ago, which we turned down because that's not really what we are about' Philippe Falle

Michael Jordan: enjoy watching him while you can Allsport

Basketball

The blessed relief of Jordan

Jurek Martin on how race relations have been crowding out the court

Michael Jordan did a terrible thing 15 years ago. Playing for North Carolina, he sank the last-minute jump shot that consigned local, and therefore dearly beloved, Georgetown to a single point defeat in the national collegiate finals.

Since then he has earned only gratitude – perhaps never more than this year, on the court and off it. When he plays, he reminds us that basketball has never known anyone quite this good. In so doing, he takes the brooding mind off the undeniable fact that this is proving a very nasty winter of the once glorious sport's discontent.

The Chicago Bulls have been champions for five of the last seven years, missing only the two years Jordan took off on his quixotic pursuit of his first sporting love, baseball. Last season, the team struggled more than usual – perhaps evidence that they were ageing and the rest of the National Basketball Association was catching up.

This season began badly. All Jordan's supporting cast were crocked. His principal sidekick, Scottie Pippen, has not played a game because of a bad foot – and from the sidelines has intermittently demanded to be traded. Dennis Rodman, the ultimate rebounder, has functioned in his own bizarre world, sometimes a player, as often a cross-dressing "celebrity".

Toni Kukoc, the moody Croatian, was hobbled by a leg problem; Steve Kerr, the ace outside shooter, was out for a while, similarly afflicted. Phil Jackson, the zen coach-cum-guru, was on a one-year contract, his future in the air. Jordan himself seemed affected, playing indifferently as the Bulls lost more games in the first month of the season than they were accustomed to dropping in five.

But all that was about 20 matches ago – in only two of which the Bulls have succumbed. They are back on top of their division, beating up on pretenders such as the New York Knicks and the Miami Heat just as they used to.

Jordan has started to register 40 points a night with some regularity and, naturally, leads the league in scoring, three points more than his nearest rival. Rodman's mind has reconnected to earth; Luc Longley, the journeyman Australian centre, is playing out of his wallaby socks; and Pippen's return is imminent.

Actually, early season basketball, professional and collegiate, is mostly for home-town fans, addicts, scouts and gamblers. But if, as he turns 35, this is the twilight of Jordan's career, his last season unless he decamps with Jackson for a swansong in New York, it is worth watching the ultimate master at work whenever possible.

For the final broadcast, Vin Scully should be hauled in from Los Angeles, because he turned Sandy Koufax's pitching, and much since, into literate radio poetry; presidents, senators and members of Congress might hear the call, because Jordan is that special.

If only that were true of this sport. The defining moment, normally a term to be shunned at all costs, occurred on December 1 last year in Oakland, California. Latrell Sprewell, a pretty good shooting guard for the pretty bad Golden State Warriors, tried to throttle his coach, P.J. Carlesimo, at practice. Thwarted by his teammates, he left the court, showered and returned to slug Carlesimo with his fist.

The Warriors tore up his contract ($8m a year with nearly three years remaining) and the NBA commissioner banned him for a year, the most severe sentence ever imposed for a non-narcotics offence. This being the US, lawyers were instantly evident, including Johnnie Cochrane, who defended O.J. Simpson. Two weeks from now an arbitrator, a law professor, will decide if the sanctions on Sprewell were too severe, and the betting is they will be reduced.

But here is the perceived rub. Sprewell is black and Carlesimo is white. Four out of five NBA players are black, but the majority of its coaches – and its commissioner, David Stern – are white. It appeared to be a classic confrontation between the new order and the old, with many players, including Jordan, *sotto voce*, and the outspoken Charles Barkley, at full volume, arguing that Sprewell's actions, while never to be "condoned", did not warrant the prescribed punishment.

Almost lost in the turbulent racial wash, though not by the likes of Michael Wilbon, admirable (and, it so happens, black) sporting columnist for The Washington Post, were two facts: that Sprewell has long had what is politely known as an "attitude" problem, including fighting with black teammates who thought he was a selfish player; and that Carlesimo, while admittedly fond of strong language and not the best of professional coaches, had never, in a longish career, been caught guilty of using racial epithets.

> The world of basketball, and maybe the wider one, has gone mad

But for basketball, and for a country consumed with race relations, the Sprewell affair seems the beginning, not the end. Keith Van Horn, a rookie this year for the New Jersey Nets, started late because of injury but instantly put up some spectacular numbers. He is not black and was promptly welcomed, much to his disgust, by the less scrupulous elements in the media and advertising as the new "white hope", fit to carry the mantle of the great Larry Bird.

This is where the world of basketball, and maybe the wider one, has gone mad.

In the 1980s, it was Bird and Magic Johnson, who is black, and then Michael Jordan who, through their exceptional skills, made basketball not only colourblind but a staggering sporting and commercial success in the US and worldwide.

Bird is now first-year coach of the Indiana Pacers, who are doing nicely. Johnson tried to return in the same capacity for his Los Angeles Lakers but could never get on with his younger players. Jordan's future is for him to decide.

But in the meantime, while there is still time, let us rejoice in the simple joy of watching him shoot the lights out of the basket.

Football

Tarnished crown of the first kings

Uruguay has not qualified for the World Cup. **Timothy Vickery** tracks the team's demise

Once more, for the second World Cup in succession, a country with one of the proudest footballing traditions in the world is to miss the game's biggest event.

Uruguay had turned to their inspirational goalkeeper from their 1950 triumph, Roque Maspoli, to mastermind the latter stages of their qualifying campaign. Although results improved, it was too late. The nation's fanatical supporters must resign themselves to missing the party in France, where 74 years ago they emerged as the first kings of world football.

When the Uruguayan team came to England for the 1966 World Cup, the coach was well aware of the responsibilities of his position. "Other countries have their history," he said. "Uruguay has its football."

It was a line which went further than throw-away rhetoric. The game had been crucial in the formation of the identity and image of a tiny state which had been created in the last century to provide a buffer between Brazil and Argentina.

The influx of immigrants at the turn of the century was an extra complication for the development of a cohesive society. It was at around this time that football took off as a popular pastime in the docks and wastelands of working class areas. Right from the start, noted the writer Eduardo Galeano, the national team was of great importance since "the sky blue shirt was the proof of the existence of a nation. Uruguay was not a mistake".

Maybe the reason was the mixture of races, but in this small and seemingly insignificant country, a new style of playing the game of football was developed. Rather than the big kick and straight-line running, the Uruguayans played short passes, and, moving as if in a dance, they twisted, turned and feinted into space to receive the ball.

They travelled to the 1924 Olympics in Paris as unknowns – Fifa, football's governing body, had produced a commemorative silk scarf which included the flags of all the competing nations, with the exception of Uruguay. But their new brand of football swept them to victory and amazed the Europeans. French aristocrat Henri de Montherlant saw them as "a revelation. This is true football. Compared with this, the game we've known and played is nothing more than a schoolboy pastime."

Uruguay had led the world in the selection of black players. Indeed, Chile had sought the annulment of a 4-0 defeat in 1916 because of the appearance of what they saw as two "Africans" in the sky blue shirt. In 1924, the black and enormously gifted Andrade became football's first international idol. An entertainer in the Montevideo carnival, he stayed on in Paris after the tournament and became a cabaret attraction in Pigalle. But he was back in action four years later, when Uruguay successfully defended their title in the Amsterdam Olympics.

> An epic semi-final went into extra time before Hungary won

In 1924, director Atilio Narancio had remortgaged his house to pay for the players to travel to France. After their second triumph he said: "We are no longer just that little place on the map of the world."

Two years later, Uruguay celebrated its centenary by organising the first World Cup, which they also won. It was boom time for the country, which as well as leading the world on the field was also the first to establish the eight-hour working day and construct a welfare state.

But the 1930s Depression undercut the meat and wool industries and brought a military government to power. Uruguay chose not to defend their title in the World Cups of 1934 and 1938 – officially because they felt they had been snubbed in 1930. The real reason, however, is more likely to have been that the nationalist government was scared of defeat. The transition to professionalism was problematic, and would certainly have hampered the team's performance. This fear of losing shows how important football had become to national pride.

They were back in 1950 in Brazil, when they claimed the title once more, astonishing the hosts by winning 2-1 in the newly inaugurated Maracana stadium. A Brazilian victory had been taken for granted, but, with Varela magnificent in midfield and Ghiggia and Schiaffino sharp in attack, the Uruguayans had the nerve and ability to prevail. They committed just 11 fouls in the game – against Brazil's 21.

Four years later in Switzerland, they were good enough to beat Scotland 7-0 and England 4-2, but they finally met their match in the brilliant Hungarians. An epic semi-final went into extra time before Hungary won 4-2. It was the first time Uruguay had lost a World Cup game, and the defeat closed the book on the great era of their game.

Their record since has been poor. In 1986, their side, built around the skills of Enzo Francescoli, was seen as a serious candidate to win the tournament. Denmark cruelly exposed their limitations with a 6-1 win, and in the subsequent games the Uruguayans took revenge in an orgy of violence so severe that there was talk of their possible expulsion from the competition.

Since then, Uruguayan football has been meekness personified. They passed unnoticed through the 1990 World Cup, and failed to qualify for USA '94. This time their qualification campaign has been little short of disastrous.

True, three were sent off as they slumped to a 4-0 defeat in Ecuador, but they were all for petty and petulant offences. For the country that was born to rule, defeat has now become so commonplace that it has lost much of its power to shame. Where once there was scalding pain, now only a dull ache remains.

INTERNATIONAL ARTS GUIDE

What's on around the world

■ AMSTERDAM

EXHIBITIONS
Rijksmuseum
Tel: 31-20-673 2121
Medieval illustrated histories: the Hausbuch and its Master. Drawings, prints and a panel painting by the the Master of the Amsterdam Cabinet, including the 64 sheets of the Hausbuch, which has been taken apart for restoration; to Jan 18

Stedelijk Museum
Tel: 31-20-5732911
www.stedelijk.nl
Malevich: Works on Paper from the Khardzhiev Collection Exhibited for the First Time. 79 drawings in pencil, chalk, gouache, ink and watercolours, spanning almost the whole of the Russian avant-garde artist's career; to Jan 25

Van Gogh Museum
Tel: 31-20-570 5200
Auguste Préault (1809-1879): Romanticism in Bronze. 75 sculptures and medallions by the nonconformist whose works, during his lifetime, were regularly rejected by the Salon jury. This display includes important works produced during the 1830s and 1840s; ends tomorrow

■ BALTIMORE

EXHIBITIONS
Baltimore Museum of Art
Tel: 1-410-396 6310
A Grand Design: The Art of the Victoria and Albert Museum. First stop of a five-city North American tour of selected objects from the V&A's collection. Consists of 250 works of art ranging from Leonardo da Vinci's notebooks to shoes by Vivienne Westwood; to Jan 18

■ BARCELONA

EXHIBITIONS
Fundació "la Caixa"
Tel: 34-3-207 7475
Rembrandt: The Human and the Natural Landscape. 91 etchings from the Rembrandt House Museum in Amsterdam. Ends tomorrow, then transferring to Madrid

■ BASLE

EXHIBITIONS
Offentliche Kunstsammlung Basel
Tel: 41-61-271 0828
Peter and Samuel Birmann – Artists, Collectors, and Dealers: first major exhibition devoted to Peter Birmann and his son Samuel; Kunstmuseum; ends tomorrow

■ BERLIN

CONCERTS
Philharmonie
Tel: 49-30-2548 8354
Berlin Philharmonic Orchestra: conducted by Nikolaus Harnonkourt in works by Beethoven; Jan 10, 11, 12, 16

DANCE
Deutsche Oper
Tel: 49-30-34384-01
Deutsche Oper Ballet: Rosalinde, choreographed by Ronald Hynd to music by J. Strauss; Jan 10, 15

■ BONN

EXHIBITIONS
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1200
Kunsthalle Bremen: selection of important works including paintings, sculptures and copper engravings from the collection of the Kunsthalle Bremen. Ranges from 17th century Dutch painting to modern photography; ends tomorrow

■ CHICAGO

EXHIBITIONS
Art Institute Of Chicago
Tel: 1-312-443 3600
www.artic.edu
Irving Penn: A Career in Photography: 150 prints from every stage of Penn's career. Includes fashion photography, portraits of the rich and famous, and ethnographic series; to Feb 1

OPERA
Lyric Opera of Chicago
Tel: 1-312-332 2244
www.lyricopera.org
Amistad: world premiere of Anthony Davis's new work about the 19th century anti-slavery campaign. Dennis Russell Davies conducts a production by George C. Woolfe; Jan 11, 15

■ COPENHAGEN

EXHIBITIONS
Louisiana Museum of Modern Art, Humlebaek
Tel: 45-4919 0719
www.louisiana.dk
● Alberto Savinio, Paintings 1927-1952: around 30 still lifes, landscapes and mythological compositions by the relatively unknown brother of de Chirico. His work combines abstract and figurative elements, and in many ways parallels de Chirico's own; ends tomorrow
● The Louisiana Exhibition 1997: New Art from Denmark and Scania. First of a planned series of shows which will present contemporary work from the region, this show includes new works by around 50 artists; to Feb 8

■ EDINBURGH

EXHIBITIONS
National Gallery of Scotland
Tel: 44-131-624 6200
● Discovering the Italian Baroque: The Denis Mahon Collection. Consisting of 17th and 18th century Italian paintings by Guercino, Guido Reni and Domenichino, among others, collected by Mahon since the 1930s; to Feb 15
● Turner Watercolours; bequeathed in 1900 by the Victorian collector Henry Vaughan, these 38 paintings have been exhibited annually for more than 90 years; to Jan 31

Scottish National Gallery of Modern Art
Tel: 44-131-624 6200
Correspondences: transferring from the Martin-Gropius-Bau, Berlin, a selection of works by six young Scottish and six young German artists. Organised as an exchange, the display includes painting, sculpture, video and light projections; to Feb 1

■ FORT WORTH

EXHIBITIONS
Kimbell Art Museum
Tel: 1-817-3328451
www.kimbellart.org
Impressionist and Modern Masterpieces: The Rudolf Staechelin Family Foundation Collection of Basel. First American showing of 26 paintings including Gauguin's Nafea Faa Ipoipo (When Will You Marry?), and works by Cézanne, Matisse and Picasso; ends tomorrow

■ FRANKFURT

EXHIBITIONS
Schirn Kunsthalle
Tel: 49-69-299 8820
Holy Russia: Icons and the Rise of Moscow 1400-1600. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 16 manuscripts. The period was a crucial one, which marked the rise of Moscow as a principality ruled by powerful Tsars; to Mar 1, then travelling to London

■ GLASGOW

EXHIBITIONS
Burrell Collection
Tel: 44-141-649 7151
Sir John Lavery (1856-1941): The Irish Glasgow Boy. Highlights include "The Tennis Party" (1885), "State Visit of Queen Victoria to the Glasgow International Exhibition" (1888), and major portraits in which the influence of Whistler is clearly visible; to Jan 25

■ HOUSTON

EXHIBITIONS
Museum of Fine Arts, Houston
Tel: 1-713-639 7750
The Dark Mirror: Picasso, Photography and Painting. More than 300 works, the majority of them photographs, which will illustrate the relationship between the various media in which Picasso worked; to Feb 1

■ LONDON

CONCERTS
Barbican Hall
Tel: 44-171-638 8891
London Symphony Orchestra: conducted by Bernard Haitink in works by Haydn and Bruckner; Jan 11

DANCE
Royal Festival Hall
Tel: 44-171-928 8800
The Royal Ballet: Cinderella; Jan 10, 12, 13, 14, 15, 16

EXHIBITIONS
National Gallery
Tel: 44-171-839 3321
● Making & Meaning: Holbein's Ambassadors. This recently cleaned double portrait by Hans Holbein the Younger pictures two French ambassadors to the court of Henry VIII in 1533. Presented alongside are drawings and miniatures, and objects relevant to the painting's political and religious background; to Feb 1
● Recognising Van Eyck: bringing together several rare works by the 15th century Netherlandish master alongside other works; from Jan 14 to Mar 15

National Portrait Gallery
Tel: 44-171-3060055
● Bruce Weber: first major museum retrospective devoted to Weber's portraits, this show includes some 200 prints, of subjects ranging from young Hollywood stars to the Duchess of Devonshire; to Feb 15
● Glenys Barton: selection of ceramic heads and portraits by the British sculptor; ends tomorrow
● Hyenas in Petticoats: Mary Wollstonecraft & Mary Shelley. Celebration of the joint bicentenary of the two women writers, the birth of the latter having caused her mother's death. Through portraiture, drawings and manuscripts the display examines their lives, times and writings; to Feb 15
● Sir Henry Raeburn (1756-1823): previously seen in Edinburgh, this exhibition of some 60 paintings includes the major portraits belonging to the National Gallery of Scotland as well as loans from abroad; to Feb 1

Royal Academy of Arts
Tel: 44-171-439 7438
Victorian Fairy Painting: exploring the fascination with fairies and the supernatural which took hold of artists and writers in Britain from the early 19th century to the outbreak of the First World War; to Feb 8, then travelling to the US

Tate Gallery
Tel: 44-171-887 8000
● The Turner Prize 1997: display of works by each of the nominees on this year's all-woman shortlist; to Jan 18
● Turner on the Loire: selection of watercolours, engravings, and a long lost oil which document the painter's tour of northern France in 1826, the climax of which was his journey up the River Loire; to Feb 15

Victoria and Albert Museum
Tel: 44-171-938 8500
● Carl and Karin Larsson: Creators of the Swedish Style. Recreates five rooms of the famous house at Sundborn, and examines its extraordinary impact on the interior design of our century; to Jan 18
● *Zuloaga: Spanish Treasures* from the Khalili Collection. First major exhibition devoted to the 19th century Spanish metalworker and his contemporaries. Born into a family of Royal Armourers, Zuloaga became a master of the art of damascening. The 40 works are displayed in the recently refurbished Silver Galleries; ends tomorrow

OPERA
Shaftesbury Theatre
Tel: 44-171-379 5399
The Royal Opera: The Merry Widow, by Franz Lehár, in a new translation by Jeremy Sams. New production by Graham Vick, with designs by Richard Hudson; Jan 10

■ LOS ANGELES

CONCERTS
Dorothy Chandler Pavilion
Tel: 1-213-365 3500
Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Haydn and Mahler. With mezzo-soprano Markella Hatziano and tenor Ben Heppner; Jan 11

EXHIBITIONS
Museum of Contemporary Art
Tel: 1-213-626 6222
www.MOCA-LA.org.
Cindy Sherman: retrospective tracing the New York-based artist's development from the 1970s to the present. Consisting of 156 works, this show presents selections from each of her major series, including Untitled Film Stills (1977-80), Centrefolds (1981) and Fairy Tales (1985). To Feb 1, then touring

OPERA
L. A. Opera, Dorothy Chandler Pavilion
Tel: 1-213-972 8001
www.laopera.org
Salome: by R. Strauss. Revival of Sir Peter Hall's celebrated production. Conducted by Richard Hickox, with Hildegard Behrens in the title role; Jan 15

■ MADRID

EXHIBITIONS
Fundació "la Caixa"
Tel: 34-1-435 4833
● 1898, Fin de Siècle Spain: Daily Life. Historical exhibition designed to reconstruct a picture of life in Spain at the end of the last century. Painting is its mainstay – also included are books, newspapers and other objects of the time; from Jan 13 to Mar 29
● Martin Puryear: first European retrospective of the American sculptor, b.1941. The display comprises around 40 works produced since the mid-1970s; ends tomorrow

Museo Nacional Centro de Arte Reina Sofia
Tel: 34-1-467 5062
Fernand Léger (1881-1955): retrospective comprising some 220 paintings and drawings by the early modernist. Having emerged from the Cubist revolution c.1910 to move towards abstraction, Léger subsequently returned to figurative painting following his experiences of war; ends on Monday, then travelling to New York

■ MILAN

EXHIBITIONS
Fondazione Antonio Mazzotta
Tel: 39-2-878 197
Kandinsky: more than 100 works, 30 of them paintings; ends tomorrow

OPERA
Teatro alla Scala
Tel: 39-2-88791
Il Cappello di Paglia di Firenze: by Rota. Conducted by Bruno Campanelle in a staging by Pier Luigi Pizzi; Jan 15, 16

■ MUNICH

EXHIBITIONS
Haus der Kunst
Ellsworth Kelly: retrospective of the American abstract painter and sculptor, b. 1923, now in his 70s and one of the most distinguished living artists. Organised with the Guggenheim Museum and previously seen in New York, Los Angeles and London; to Jan 18

Kunsthalle der Hypo-Kulturstiftung
Tel: 49-89-224 412
COBRA 1948-1951: organised to mark the 50th anniversary of a post-war group of experimental artists who derived their movement's name from their three cities of origin: Copenhagen, Brussels and Amsterdam; ends tomorrow

■ NEW YORK

DANCE
New York City Ballet, New York State Theater
Tel: 1-212-870 5570
● Jewels: by Balanchine, to music by Fauré, Stravinsky and Tchaikovsky; Jan 10, 14
● Mixed Programme: includes Angelin Preljocaj's La Stravaganza, premiered last spring, and Balanchine's Stars and Stripes; Jan 11

EXHIBITIONS
Metropolitan Museum of Art
Tel: 1-212-879 5500
www.metmuseum.org
● Drawings of Filippino Lippi and His Circle: first major exhibition of work by the Quattrocento painter. Of the 117 drawings on display, 80 are by Lippi, including rare loans from around the world; ends tomorrow
● Flowers Underfoot: Indian Carpets of the Mughal Era. 50 rugs from the 16th to 18th centuries. With loans from private collections in India, Europe and Japan, the exhibition includes masterpieces never before exhibited; to Mar 1
● Jackson Pollock (1912-1956): Early Sketchbooks and Drawings. Display of 48 rarely seen pages from the Abstract Expressionist's sketchbooks, and 24 drawings. Includes studies and portraits; to Feb 8
● John La Farge: more than 30 paintings and stained glass windows by the 19th century American; to Jan 25
● King of the World: A Mughal Manuscript from the Royal Library, Windsor Castle. The Padshahnama, by Abdul-Hamid Lahawri, made for the emperor Shah-Jahan, builder of the Taj Mahal, and one of his finest possessions; to Feb 8
● The Private Collection of Edgar Degas: sold at auction after his death in 1918, more than 200 19th century French paintings and drawings collected by the artist who once imagined establishing his own museum. Includes works by Ingres, Delacroix, and impressionists including Manet, with one room devoted to works by Degas himself; ends tomorrow

Museum of Modern Art
Tel: 1-212-708 9480
www.moma.org
● From Henri de Toulouse-Lautrec to Andy Warhol: Exploring Techniques. Selection of 70 woodcuts, etchings, lithographs and screenprints from the collection; to Feb 8
● On the Edge: Contemporary Art from the Werner and Elaine Dannheisser Collection. More than 80 works by artists including Tony Cragg and Cindy Sherman; to Jan 20

Whitney Museum of American Art
Tel: 1-212-3272801
● The Warhol Look/Glamour Style Fashion: major retrospective of around 500 works of art, following Warhol's career from the 1940s to the 1980s, and also including works by his contemporaries; to Jan 18
● Fashion and Film: running concurrently with the Warhol show, this film and video series traces the relationship between the two industries, from early fashion newsreels and the studio designers of the 1930s to the present; to Jan 18

OPERA
Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
www.metopera.org
● Capriccio: by R. Strauss. New production by John Cox, with sets by Mauro Pagano; Jan 12, 16
● La Cenerentola: by Rossini. New production conducted by James Levine in a staging by Cesare Lievi, with designs by Maurizio Balò; Jan 15
● The Rake's Progress: by Stravinsky. New production by Jonathan Miller, conducted by James Levine. Cast includes Dawn Upshaw and Samuel Ramey; Jan 13

■ PARIS

CONCERTS
Théâtre des Champs Elysées
Tel: 33-1-49525050
Vienna Philharmonic Orchestra: conducted by Lorin Maazel in works by Schubert, Maazel and Ravel. With flute soloist Wolfgang Schulz; Jan 14

EXHIBITIONS
Musée Carnavalet
Tel: 33-1-4272 2112
Paris and the Parisians in the time of Louis IV: more than 300 engravings, which together create a vivid impression of 17th century Paris. *Including portraits, images of the city* and its monuments, as well as proverbs, allegorical works, and almanacs; to Jan 18

Musée du Louvre
Tel: 33-1-4020 5151
www.louvre.fr
Pajou, sculpteur du Roi: first retrospective devoted to works by the French sculptor (1730-1809), successful in the French Royal Academy of Painting and Sculpture and a favourite of Louis XV and Louis XVI. The display includes Pajou's five most famous marble statues, portrait busts, terracotta sketch-models, and drawings including designs for the opera at Versailles; to Jan 19, then transferring to New York

OPERA
Opéra National de Paris, Opéra Bastille
Tel: 33-1-4473 1300
La Traviata: by Verdi. Production directed by Jonathan Miller and conducted by James Conlon. Angela Gheorghiu sings the role of Violetta; Jan 10

■ ROME

EXHIBITIONS
Musei Capitolini
Henri Matisse: more than 200 works are included in this major exhibition, which aims to demonstrate the profound influence of Oriental art upon the great modernist; to Jan 20

Palazzo Ruspoli
Tel: 39-6-6830 7344
www.palazzoruspoli.it
Fayum: Mummy Portraits. Previously shown at the British Museum in London, this exhibition contains nearly 200 portraits. Painted on wooden panels, linen shrouds, cartonnage or three-dimensional plaster masks, the portraits were created during the first three centuries of Roman rule in Egypt; to Feb 28

■ SAN FRANCISCO

OPERA
San Francisco Opera, War Memorial Opera House
Tel: 1-415-864 3330
www.sfopera.com
● Le Nozze de Figaro: by Mozart. Conducted by Ivor Bolton in a staging by Graziella Sciutti; Jan 11, 14
● Tosca: by Puccini. Conducted by Maurizio Barbacini in a staging by Lotfi Mansouri. Georgina Lukacs sings the title role; Jan 10, 13, 16

■ VENICE

EXHIBITIONS
Palazzo Grassi
Tel: 39-41-523 1680
German Expressionism: Art and Society. Kirchner is at the centre of this selection of works, dating from around 1910 to the mid-1920s. Other artists represented include Meidner and Marc; ends tomorrow

■ VIENNA

EXHIBITIONS
Jüdisches Museum
Tel: 43-1-535 0431
www.jmw.at
Max Liebermann: selection of paintings by the German Impressionist dating from the period 1900-1918, during which the Jewish haute bourgeoisie flourished. Also on display are some of the French Impressionist works he collected; to Jan 18

KunstHausWien
Tel: 43-1-712 0495
Herb Ritts: first European retrospective of work by the American photographer. Previously seen in Boston, the exhibition ranges from portraits of Hollywood celebrities to images of Africa; to Jan 18

Kunsthistorisches Museum
Tel: 43-1-525240
Pieter Brueghel and Jan Brueghel: comprehensive survey of the art of the two sons of Pieter Brueghel the Elder. Includes around 130 paintings and 20 works on paper by Jan Brueghel the Elder (1568-1625) and his less celebrated brother Pieter Brueghel the Younger (1564-1637/8). The exhibition also includes a dozen important works by their father, enabling visitors to trace his influence upon the technique of his sons; to Apr 14

■ WASHINGTON

EXHIBITIONS
National Gallery of Art
Tel: 1-202-737 4215
www.nga.gov
● Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy; to Mar 1
● Thomas Moran (1837-1926): first retrospective devoted to the American landscape painter. Featuring 100 oils and watercolours including a selection of the famous Yellowstone pictures, painted on a survey expedition in 1871, which influenced Congress's decision to create their first National Park; ends tomorrow, then transferring to the Gilcrease Museum, Oklahoma

OPERA
Washington Opera
Tel: 1-202-295 2400
www.dc-opera.org
● Doña Francisquita: by Vives. Conducted by Miguel Roa in a staging by Emilio Sagi, with choreography by Goyo Montero; Kennedy Center Eisenhower Theater; Jan 15
● *L' Elisir d' Amore:* by Donizetti. Conducted by John Keenan in a staging by Stephen Lawless; Kennedy Center Eisenhower Theater; Jan 16
● The Magic Flute: by Mozart. Revival conducted by by Heinz Fricke and directed by Sonja Frisell; Kennedy Center Eisenhower Theater; Jan 10, 14

■ ZURICH

EXHIBITIONS
Kunsthaus Zurich
Tel: 41-1-251 6765
Arnold Böcklin, Giorgio de Chirico, *Max Ernst: Voyage into the Unknown,* comprising 130 paintings, collages and sketches; to Jan 18

Arts Guide by Susanna Rustin
e-mail: susanna.rustin@ft.com
Additional listings supplied by ArtBase
Tel: 31-20-664 6441
E-mail:artbase@pl.net

'Children of the Mountain', 1867, by Thomas Moran, at the National Gallery of Art in Washington until tomorrow, then touring

Weekend Investor

Wall Street

Warm, wonderful partnership

Bonds are protecting equities, says **John Authers.** They're just great together

It's the bond market, stupid. US equities look high on almost any basis, and their long and unbroken rise of the past three years is beginning to stretch all historical precedents.

Once equities are put in the context of the bond market, however, their strength looks less deviant and it becomes far harder to predict a dramatic fall in share prices. The bond and equity markets respond to different factors, but they affect each other. At present, the bond market is enjoying record health and it provides wonderful protection for equity prices.

The relationship between the two markets is seen clearly in the graph. When bond prices are high – meaning that the yield available from investing in them is relatively low – it is justifiable to pay more for equities, as it is necessary to take a greater risk for a given level of return.

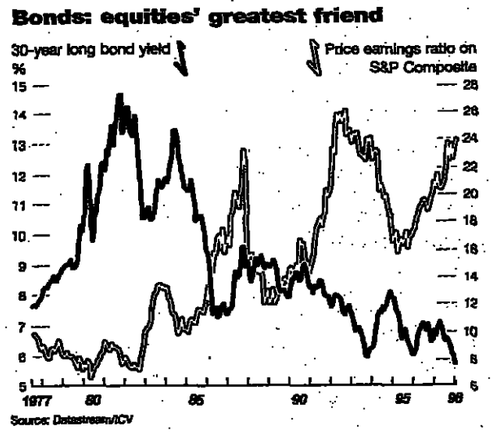
If long-dated bonds are yielding almost 15 per cent, *as they did in the early* 1980s, equities are likely to languish. Once bond yields fall, money managers need to start looking elsewhere *for profits, and thus bid up* the price of equities.

At the beginning of this week, the yield on the 30-year Treasury long bond, regarded as the benchmark for the market since the government started issuing the security in 1977, dropped below 5.75 per cent for the first time. Meanwhile, the shares in the Standard & Poor's 500 index are trading at a multiple of 24 times earnings - close to their historical highs.

Yet, this ratio is no higher than it was the last time bond yields approached this level, in late 1993. If bond yields stay this low for long, historical evidence suggests that the market multiple for equities might even move *higher*.

Why is the bond market so healthy? This week's rally can be traced, like so much else in the US financial system, to one man: Alan Greenspan. Over the weekend, the chairman of the Federal Reserve made a speech in Chicago in which he discussed the dangers of deflation – falling prices – several times during a lengthy discussion about the difficulty in measuring price changes over time.

Bonds: equities' greatest friend



Source: Datastream/ICV

This was a sharp departure for a man who has made a career out of worrying about *inflation*. His comments were interpreted by bond dealers, rightly or wrongly, as a hint that the next move in interest rates *might* be down, not up.

Politicians also have helped the bond market. The White House expects to announce a balanced federal *budget this year, and Con*gress will not block it. So, the government will not need to borrow any new money. Any restriction in supply like this should boost prices.

Underlying economics also line up in the bond market's favour. Inflation remains very low by historical standards. This means traders will accept a lower long-term yield.

The strength of the labour market, confirmed by yesterday's figures, might suggest there is more inflation in store. But then, of course, there is the Asian crisis. The region's financial difficulties have helped US treasuries in the past four months by creating a "flight to quality" *as international investors* divert towards the safety of the US, bidding prices up and yields down in the process. Asia's difficulties also could curb US exports and reduce import prices.

This week's low bond yields have led to a binge of new mortgages as homeowners scurry to arrange cheaper financing, while several large companies have also taken the opportunity to borrow at cheap rates. All other things being equal, they provide an economic stimulus which should help equities.

But, low bond yields are not necessarily all good news for share prices. As Greenspan pointed out, deflation carries risks. If it accompanies a slowing economy, then that would mean declining profits for US corporations – and a steady squeeze on equity prices.

Equities have had a bad week, with jitters increasing over corporate results for 1997. More will be known about this next week. But, *falling* corporate earnings would confirm inflation is in check and do bonds no harm. This might explain why equities have performed badly this week despite bond yields' historic low levels. These yields give strong underpinning to share multiples, and provide a bulwark against the kind of precipitous decline which might be predicted by looking at previous extended equity bull markets.

Yet, if earnings are down, share prices can follow them down without changing the underlying price-earnings *ratio. Bonds' strength* protects the equity market from its worst fears. But the next month could still be bumpy.

Dow Jones Ind Average

Monday	7,978.99	+ 13.95
Tuesday	7,906.25	- 72.74
Wednesday	7,902.27	- 3.98
Thursday	7,802.62	- 99.65
Friday		

London

With a little bit of cluck . . .

Philip Coggan looks beyond the Asian effect

Not long ago, every *ambitious investor* would have a slug of Asian equities in his armoury. Nowadays, finding an Indo*nesian share in your portfo*lio would be about as welcome as a clutch of Hong Kong chickens in a hospital ward.

The Singapore market, that previous haven of financial respectability, lost 23 per cent in local currency terms this week, Manila fell 19 per cent *and Jakarta shed 17 per* cent. The dollar losses were much, much worse. The continuing plunge in Asian currencies and stock markets is having a ripple effect *across* the globe – or, rather, a series of effects, since the crisis is both good and bad news for western markets.

The good news comes from the potential deflationary effect of the fall in both Asian demand and the flood of cheap exports from Asian businesses operating in newly devalued currencies.

That is highly positive for bond markets, which suffer whenever there is inflation. This week the yield on the 30-year US Treasury dropped *a new low (albeit only since* bonds of such maturity started to be issued regularly in 1977) and the yield on the long gilt fell below 6 *per cent for the first time* since April 1964.

Lower bond yields are a very supportive factor for equities, since most mea*sures of stock market valua*tion are bond-related.

The negative side to the Asian crisis, of course, is the potential effect on corporate earnings.

A number of US companies, including several hi-tech groups, have warned already of lower earnings because of events in *Asia*. But John Ainsworth, head of global equities at Hill Samuel Asset Management, argues that UK companies are not as exposed to Asian events as those in many *other countries*.

"The big sectors in the market – banks, oils, pharmaceuticals – are not subject to Asian competitive pressures," he says. Ainsworth still has a bullish target of 6,000 for the FTSE 100 index this year.

Perhaps one of the most *important factors* buoying optimism about the UK market is the balance of supply and demand. "A key element of our bullishness on UK *equities is that there is a* massive pile of cash chasing a shrinking supply of sterling assets – both equities and gilts," says the NatWest *Markets team in a new note.*

NatWest's exhaustive study of institutional cash-flow concludes that pension *funds*, life insurance companies and the like will have some £63bn of new money to invest this year.

At the same time, new company arrivals and rights issues will remain in relatively short supply; there will be less of a drain on *institutional coffers from* building society demutualisations; and share buybacks and takeovers will continue. On the gilts side, the public sector borrowing requirement is moving towards balance, reducing the volume of new bond issues.


Out of favour: a Hong Kong chicken along with Indonesian shares

Institutions could invest overseas, of course, but NatWest points out that Asia scarcely looks enticing, while many investors may fear moving back into the US at a time when corporate earnings are coming under pressure.

What, though, about the *economic fundamentals?* The Bank of England's monetary policy committee left interest rates on hold, as expected, this week.

The little data published so far this year indicates that the service sector remains quite strong and that retailers had a better Christmas than was implied by some of the gloomy reports emerging in mid-December. John Lewis even reported a 33.4 per cent year-on-year sales gain in the week to January 3.

Yet, the purchasing managers' index suggested that growth in the manufacturing sector was slowing down. This creates quite a policy dilemma for the Bank, especially as some economists *are arguing that interest* rates are too high already. Even Alan Greenspan, chairman of the US Federal Reserve, has taken to musing about deflation.

The short sterling future, the market's vehicle for speculating on interest rate changes, now is pricing in a *fall in base rates by the end* of the year. So, even if they rise again, the peak is clearly in sight.

Lower interest rates could have the additional beneficial effect of prompting a decline in sterling and easing the pressure on exporters, although they will continue to be hard put to compete with Asian manufacturers. The pound dropped by three pfennigs against the D-mark on Thursday.

In valuation terms, the market is none too badly placed without being outrageously cheap. If you compare the earnings yield with the bond yield (probably the most sen*sible measure now the divi*dend tax credit has been abolished), non-financial equities are around the middle of their 10-year range. If you compare the earnings yield with short-term interest rates, the market is in the top half of the range but below the peaks of 1987 and 1989.

Overall, if purely domestic conditions were the criterion, the outlook would be extremely positive for UK equities. Whether the UK can follow its own star is, however, the big issue of the year. The weakness of Foot*sie on Friday*, after Wall Street's sharp fall on Thursday and decline in early trading yesterday, illustrated how hard it is for London to stand on its own *two* feet.

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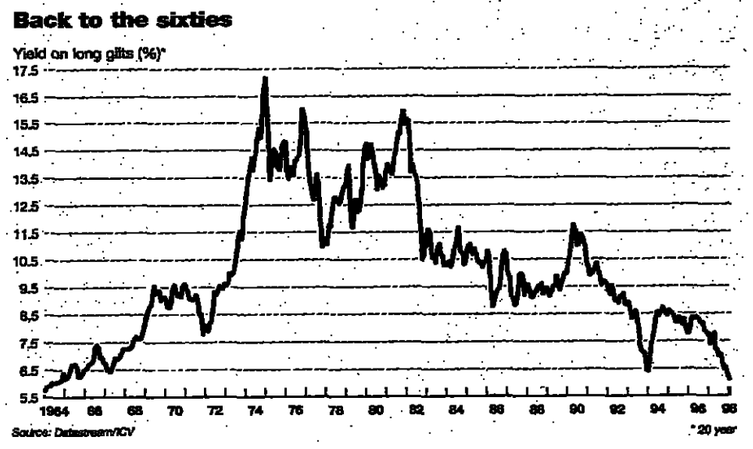
Back to the sixties



Source: Datastream/ICV

Highlights of the week

	Price y'day	Change on week	52 week High	52 week Low	
FTSE 100 Index	5138.3	-55.2	5330.8	4078.8	Asian worries return
BG	303¾	+25¾	307	134	US institutional buying
Beazer	177	+15½	210	154½	Housebuilders return to favour
British Aerospace	1787	+47	1850	1189½	Cruise missile order
British Biotech	132½	+29½	285	96	Appreciation of sector underp'formnce
Cookson	201	+5½	266	182	US fund buying
GKN	1294	+29	1480	907	Canadian helicopter order
General Accident	1145	+50	1195	729	Sector consolidation hopes
HSBC (75p)	1379	-210	2369½	1280	Asian contagion
National Grid	315	+23½	326	192	Shift to defensives
REXAM	279½	-19½	371	222½	Broker downgrades
Railtrack	923	-61	1121	540	Profit-taking after good run
Securicor	323½	+33	336	248½	Positive broker comment
Shell Transport	413¼	-31¾	492	329¾	Oil price weakness

Tony Jackson

The stuff of nightmares

Deflation would turn the world upside down

This was the week in which the D-word took hold in world markets. Deflation, Alan Greenspan said, was starting to worry some people. He did not sound too worried himself; but the US Federal Reserve chairman picks his words with care, and the US long bond yield promptly fell to a record low.

In fact, true deflation seems an outside risk, except in a handful of Asian economies where it may be happening already. But it is worth asking, as did Greenspan, just what we mean by deflation; and, indeed, what it would look like if it actually happened.

In essence, prices can fall for two reasons: rising output or falling demand. The first may be benign. The second is destructive.

In global terms, the first has dominated in recent years. With the decline of communism, new sources of supply have arrived on world markets. And, in some industries – most obviously, computing – prices have fallen because of higher productivity.

Over time, this should be a good thing. Supply shocks can be unpleasant in the short run, as established producers and their workers take the strain. Thereafter, falling prices should help the economy by stimulating consumer demand.

Deflation caused by demand shocks, something occurring in parts of Asia, is a very different thing. Whereas inflation transfers wealth from lenders to borrowers, this kind of deflation works the other way.

Inflation, Greenspan once remarked, becomes a problem when it causes economic agents – business people, in particular – to change their behaviour. In the same way, the damage done by deflation results not so much from price falls themselves as from the expectation that they will continue.

Consider some of the ways in which deflation would turn the world upside down. Fixed price contracts would be sought by suppliers, avoided by their customers. Contractors would seek protection against cost under-runs. Corporate profits would be understated by conventional LIFO accounting, just as they were over-stated in the days of inflation.

> In such a world, how could investors protect themselves? With the greatest difficulty

Balance sheets would be transformed as companies sought to build up net cash rather than debt. But, there would be more pressure than ever to reduce inventory, due to the increased cost of holding it. In the retail trade, the price cuts in the January sales would be wondrous to behold.

Competition among mortgage lenders would become atrocious as home-owners accelerated their repayments. Workers would resist any attempts to make their pensions index-linked, preferring old-style fixed payments. Unions would seek pay deals over the longest possible period. Managers would seek to be paid up front rather than by results, and in cash rather than stock.

In such a world, how could investors protect themselves? With great difficulty. Equities would obviously take a battering, if only because workers are naturally resistant to cuts in nominal wages. At a time of falling revenues, the first result would be a crunch on margins. The next would be rising unemployment – and a further drop in demand.

The picture for bonds is not much brighter. The effect of falling prices is to put pressure on borrowers and increase the risk of default. Yields would rise in consequence.

As history shows, this is not mere theory. In the UK, prices fell by 15 per cent in the period 1928-32. Nominal gilt yields, according to data from BZW, averaged 4.2 per cent. In the next five years, prices rose by 12 per cent. Gilt yields averaged 3 per cent.

The gap in real yields, of course, was wider again: from 7.5 per cent in the first period to 0.7 per cent in the second. The nominal price of equities, meanwhile, fell 30 per cent from 1928 to 1932 and then recovered entirely in the following five years.

In such circumstances, the only safe asset is cash. This need not be held in the bank. Banks, after all, can go bust; and the higher the interest rate they offer to compensate, the greater the risk becomes.

If the money in your pocket will buy more next month than it will today, that represents a *real yield in itself*. This is perhaps the most damaging single aspect of deflation: that there is no incentive for savings to be circulated in the economy. *The one growth business is the* supply of deposit boxes, complete with shotguns and barbed wire.

So, what are the risks of this *happening today? Pretty slender*, if the markets are any judge. The best single indicator is the US long bond yield, down at its record low of 5.7 per cent.

This tells us *one thing*: that the market is not discounting stable prices. *If it were*, history suggests the yield would be 3 per cent at most. It follows that prices are expected either to rise or to fall.

In strictly logical terms, a yield of 5.7 per cent could point either way. But, it strains belief that the markets should have made the jump from fear of inflation to the reverse: to worrying about a default by the US government.

The assumption, in other words, is that deflation in some parts of the world economy is benign for the rest: that the effect on the US economy, in particular, is disinflationary, which is a very different thing. If so, the world's investors can sleep easy. The alternative, after all, is the stuff of nightmares.

Offshore managed funds and UK managed funds are listed in Section One

WEEKEND INVESTOR

■ Last week's preliminary results

Company	Sector	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Albion	HmG	Sep	957 (600L)	23.6 (-)	3.3 (1.8)
Allied Textile	RtlG	Sep	16,900 (15,600)	18.6 (16.3)	8.48 (7.8)
Barr (AG)	FdPr	Oct	10,900 (5,040)	38.55 (19.46)	11 (8.65)
Cobra	SpSv	Oct	1,780L (4,060L)	- (-)	- (-)
Dawson Hldgs	AlM	Sep	13,800 (9,300)	14.2 (12)	4.8 (4)
Garfield Weston	AlM	Oct	28,700 (12,700)	16 (11.07)	2.4 (0.32)
Jersey Elec	ns	Sep	5,370 (4,960)	289 (253)	48 (43)
Mouchel	AlM	Dec	- (-)	- (-)	4.67 (4.18)
RCO	SpSv	Oct	1,190 (1,320)	7.73 (8.59)	16.0 (16.0)
Scottish Highland	L&H	Oct	3,460 (2,130)	12.1 (14.8)	3.8 (8.5)
Treatt	FdPr	Sep	1,340 (1,480)	9 (10.7)	6 (5.7)

■ Last week's interim results

Company	Sector	Half year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Abbey ‡	Const	Oct	7,560 (3,560)	3.0 (2.2)
Aberdeen Prkd	InTr	Nov†	69.33 (75.63)	5 (3.25)
African Gold	AlM	Sep	77 (141)	- (-)
City of London	InTr	Dec†	- (-)	1.88 (1.42)
Goode Durrant	Tran	Oct	17,400 (15,200)	3.75 (3.2)
Helton ‡	BldMa	Oct	5,740 (4,650)	2.1 (1.85)
Hi-Tec Sports	Leis	Oct	1,220 (921)	0.6 (-)
Howard	Const	Oct	149 (186)	0.2 (-)
Precist Ind	Eng	Oct	1,940 (1,590)	2.6 (2.3)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L=loss. † Net asset value per share. ‡ Irish punts and pence. ✣ 3-month figures. ♦ US dollars and cents.

■ Results due next week

Company	Sector	Announcement due	Dividend (p)* Last year interim	Final	This year interim
FINAL DIVIDENDS					
Aberforth Smaller Co's	InTr	Wednesday	-	-	-
Fyffes ‡	RtFd	Monday	0.00571	0.013	0.0051
Greenwich Resources	Exp	Thursday	-	-	-
Irish Continental	Trns	Wednesday	-	-	-
Lawe (Robert H.)	Text	Wednesday	0.1	0.2	0.125
SDX Business Systems	E&EE	Tuesday	-	-	0.8
INTERIM DIVIDENDS					
Aberforth Spit Level TR	InTr	Wednesday	-	-	-
Bespak	Hlth	Tuesday	4.62	7.68	-
Cammell Laird Hldgs	Eng	Monday	-	-	-
Capital For Cos VCT	InTr	Tuesday	-	-	-
Debenham Tewson	Prop	Tuesday	0.9	1.5	-
Dixons Group	RtGo	Wednesday	2.4	8.1	-
Ellis & Everard	Chem	Monday	3.3	8.7	-
FI Group	SpSv	Thursday	1.7	3.4	-
First Technology	EngV	Wednesday	-	-	-
Irish Continental ‡	Trns	Wednesday	0.018	0.036	-
Jurys Hotel Group ‡	L&H	Tuesday	0.025	0.048	-
Martin Currie Moorgate ††	InTr	Wednesday	1.8	3.0	-
Mulberry Group	AlM	Monday	0.75	0.75	-
Savills	Prop	Monday	1.0	2.5	-
Stanley Leisure	L&H	Wednesday	1.2	2.8	-
Tomkins	Diva	Monday	3.06	8.39	-
Triad Group	SpSv	Monday	1.0	2.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.
Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. ‡‡ 1st quarterly. ♦ 2nd quarterly. ★ 3rd quarterly. ‡ Irish Punts and pence.
This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

■ Rights issues

None

■ Offers for sale, placings & introductions

Quadrant Healthcare is planning to raise £30m via a flotation.

■ Current takeover bids and mergers

Company bid for	Value of bid per share**	Market price**	Pre bid price	Value of bid £m**	Bidder
Active Imaging‡	7	8	8	2.88	Silvermines
Allied Colloids	165*	171½	126	1.07bn	Hercules Inc.
Baronsmead IT	115*	114	103	21.16	3i Group
Baronsmead IT Wrrt	22*	20½	20	0.56	3i Group
Betterware	110*	108	97	116.27	Fenchurch Place
Britton Group‡	140*	138½	97½	194.6	ACX Techs.
Care First Grp †	170*	168½	141½	272.7	BUPA Finance
Country Casuals	135*	132½	121	25.78	Austin Reed
Etam ‡	135*	133½	120	78.91	Etam Developmnt
Ewart	63	77½	67½	19.97	Dunloe House
Fairway Grp	70*	68½	68½	28.21	Dudley Stihry
First Call	10¼*	10	6¼	7.35	KanDo Group
Hiscox Sel Insc Fd	154§§	145½	113	46.20	Hiscox
Holliday Chem	234	225	233½	245.93	Yule Catto
Home Counties	500*	482½	240	50.5	Johnson Press
Ind Brit Hthcare	110	110½	101	29.48	Community Hsps
JLI Group	65*	63½	56	25.35	Harrington Food
Manders	250*	245	151½	99.75	Flint Ink Corp
Mercury Asset Mn‡	1700*	1698	1295	3.11bn	Merrill Lynch
Morris Ashby	400*	391½	390	48.4	Automotive Comps
Neepsend	55*	53½	42	13.75	United Inds
Plasmec	230*	225	185	11.04	Arlen
Premiere Group ‡	222	235	205½	8.88	Sinclair Mtrse
Scuttons	310*	305	270	14.88	Cenargo Fst Frs
Triplex Lloyd	280*	272½	272½	187.04	Doncasters
UDO Hldgs	200*	190	182½	60.00	Grupo Pickg Pk
Vendome	495*§	479½	393½	3.45bn	Richemont
Watmoughs	257*	279½	197½	176.56	Quebecor Prntng
Watmoughs Pf	120*	118½	105½	12.0	Quebecor Prntng
Wellman	50*	48¼	40½	73.05	Alchemy Partners

Prices in pence unless otherwise indicated. *All cash offer. §For capital not already held. ‡ Unconditional. **Based on latest prices 9/1/98. §§Shares and cash. † Cash alternative

New issues

Thomson plans float

Thomson, the UK's largest package holiday group, has asked SBC Warburg Dillon Read, its financial adviser, to draw up informal plans for a spring flotation, *writes Robert Wright*.

The group, which is owned by Thomson Corporation, the Canadian publishing company, is expected to be valued at £1.3bn and to be floated on the London Stock Exchange in May.

Thomson is understood to have given SBC Warburg the go-ahead to prepare the travel business for flotation following previous attempts to sell it, and publication last month of the Monopolies and Mergers Commission report into the sale of package holidays.

This cleared the industry of anti-competitive behaviour while demanding minor changes to sales practices.

□ **Quadrant Healthcare**, the biotechnology group, is planning to raise £30m from a flotation which would value the business at about £75m. Quadrant specialises in using trehalose sugars which preserve biological material in a dehydrated state.

The sugars were discovered in desert plants which appeared to dry up and die when water was scarce, but sprang back to life when rain fell. The company is using trehalose to develop a cheap way of storing blood platelets.

Quadrant, which had £6m cash at the end of 1997, had planned to float last year but market conditions were unfavourable. It needs money to build up its inhaler research team and to take some of its own products through clinical trials.

Directors' dealings

Buying at TI

There was more buying at TI Group, the engineering group, where Sir Christopher Lewinton, chairman, and John Hignett, deputy chairman, each bought 10,000 shares at 467-475p, *writes Ian Forrest*.

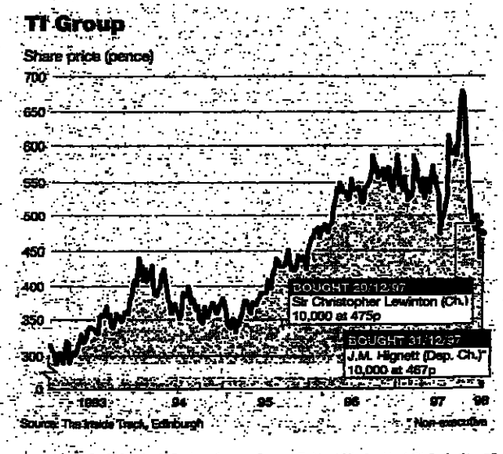
Of the two, the more interesting deal is Hignett's, since this increases his holding by 25 per cent to 50,232 shares.

At **Carpetright**, in the general retailing sector, Lord Harris, the chairman, and Martin Harris, his son and an executive director, bought 75,000 shares between them at 429-430p.

Sir Harry Djanogly, a non-executive director, also bought 37,000 shares at 426p.

This brings the total for purchases in December to 177,000 and follows an upbeat statement at the interim stage two weeks ago.

TI Group



Source: The Inside Track, Edinburgh * Non-executive

■ Directors' share dealings

Transactions by and companies: 29th December 1997-2nd January 1998

Company	Sector	Shares	Value £'000	No of directors
SALES				
AMVESCAP	OthF	45,000	216	1
Drew Scientific	Hlth	50,000	41	1
Galaxy Media	Mdia	30,000	33	1
Thistle Hotels	L&H	89,414	139	1
Value Realisn Tst	InvT	57,333	58	1
PURCHASES				
British Energy	Elec	3,587	15	1
British Polythene	PP&P	4,000	17	1
Broadgate Tst	InvT	27,000	43	1
Carpetright	RetG	112,000	482	3
Jermyn Inv Properts	Prop	199,999	415	1
Langdons	FdPr	10.7m	193	3
Parkwood	SSer	449,122	202	2
Photobition	PP&P	15,000	30	1
Premier Asset Man	Aim	1.5m	218	1
TI Group	Eng	20,000	95	2
Undervalued Assets	InvT	100,000	147	1
Warrants & Value	InvT	200,000	81	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and Aim), including exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Shares traded are ordinary, unless otherwise stated.

Source: The Inside Track, Edinburgh, 0131-473 7070

Bids / deals

Regional papers for sale

United News & Media, which is trying to sell its regional newspaper business for about £400m, indicated this week it could make the sale in three parts, *writes Victor Mallet*.

The first round of bidding ended before Christmas, and several regional newspaper groups have been invited to submit second bids for the titles they want. The three parts are expected to be the 31 north of England titles; the 30 free newspapers in London; and the UPN España newspapers of Spain.

□ An attempt to keep **Rolls-Royce Motors** in British hands has been launched by a consortium of enthusiasts. It plans to raise £680m to bid for the legendary carmaker which is being sold by Vickers, the engineering and defence group.

The consortium, called the Rolls-Royce Action Group, is led by Michael Shrimpton, a barrister, and its supporters include heart surgeon Sir Magdi Yacoub.

□ **British American Tobacco**, the BAT Industries unit, is forming a joint venture with Turkey's tobacco monopoly that will give it up to a quarter of the world's ninth-biggest cigarette market. BAT is to invest $145.6m (£88m) to take 52 per cent of the $280m joint venture with Tekel.

□ John Corrin, chief executive of **Allied Textile Companies**, is believed to be planning a bid for the fibres, textiles and carpets business which re-stated its accounts last year after uncovering "serious accounting irregularities".

The company said it was in bid talks with a group which included some of its executive directors, but refused to name them. Corrin, who owns 2.78 per cent of Allied, is thought to be involved along with two other directors, Geoff Wilshaw and Derek Wood.

Week ahead

Tomkins pressed to reveal strategy

MONDAY: Tomkins, the industrial conglomerate, is expected to report pre-tax profits of £208m, giving earnings per share of 9.8p. BZW, the broker, is looking for a 3.45p dividend. Last year, the company began a £100m share buy-back programme, but analysts are hoping to see this increased to £300m. They are also looking for a statement on strategy.

The group is widely thought to be planning to focus on three core areas – food, car parts and building and industrial businesses. This would mean disposing of the distribution arm and the professional, garden and leisure products division.

MONDAY: Fyffes, the Dublin-based fresh produce group, is expected to report a slight fall in pre-tax profits to IE46.6m (£39.4m) before an exceptional profit of more than IE8m on the sale of its 18.5 per cent stake in United Beverages, an Irish drinks group. Fyffes warned in April that price falls and unfavourable currency trends would depress interim profits, but it has recovered a little in the second half. This has been helped by price increases for bananas in continental Europe, where currencies have been weak against the US dollar, the main currency for banana purchases.

WEDNESDAY: The market fears profit downgrades when Dixons reports interim profits, which are forecast at around £80m. Although Dixons was one of the main beneficiaries of the building society windfalls over the summer, the second half might be proving more difficult. Sales increases are expected to have slowed from about 10 per cent in the first half to about 7 per cent.

US index funds

Lie back and think profit

Who needs to work at beating a benchmark? Tracking it passively is a better idea, says **John Authers**

If there was any doubt that index funds were the phenomenon of the age, 1997's performance rankings for US mutual funds appear to have removed it.

Index funds – which attempt passively to replicate the performance of a benchmark index, rather than beat it – had excellent years in 1995 and 1996. In both, the Vanguard S&P 500 fund, which is by far the largest of the 85 which attempt to track the index, comfortably outperformed the majority of funds as measured by Lipper Analytical of New York.

This could be dismissed as a blip, caused by the lengthy bull market which was led by large, blue chip companies. To paraphrase Bob Pozen at Fidelity Investments, the nation's biggest active fund manager, it is difficult to outperform the index when it turns out that the smartest move was to buy IBM shares and keep them.

In 1997, markets were much more turbulent. It should, therefore, have been worthwhile to pay an active portfolio manager to navigate their peaks and troughs. Instead, index funds outperformed other US equity funds by an almost unprecedented margin.

S&P 500 index tracker funds were by far the most successful sector measured by Lipper, with an average total return of 32.6 per cent, while the average general equity fund gained only 24 per cent. Capital appreciation funds managed only 20.36 per cent.

The Vanguard S&P 500 returned 33.19 per cent, so outperforming 90 per cent of its US rivals without even attempting to beat its own benchmark. Only two of the 25 biggest US mutual funds managed to beat it, and then only marginally.

In a complete reversal of the normal logic that small investors mistime the market, the Vanguard fund also turned out to be by far the most popular of 1997. It took in about $8bn in new investments, most of it early in the year.

Even Vanguard officials admit to amazement that the fund outperformed its rivals by this margin – especially as they had gone to the bizarre length of warning its customers off the fund early in the year, as money started to pour in on the back of 1996's performance.

They pointed out that index funds should not be regarded as conservative, as they are always fully invested and carry far less cash than most others. If the market dives, their managers' hands are tied.

The Lipper statistics show that the S&P 500 fund's performance cannot be explained by investment fundamentals. Growth of both sales and earnings for stocks in the S&P portfolio lagged behind those for growth and smallcap funds by a substantial margin. Earnings growth for S&P 500 funds was 14.8 per cent, compared with 21.3 per cent for growth funds.

But valuation was not the answer either: while the S&P fund's stocks traded off a price-earnings ratio of 21.5, the ratio for growth funds was slightly higher, at 21.7.

How did it happen? First, the S&P 500 was a good place to be last year. With a total return of 33.4 per cent, it out-performed the better known and narrower Dow Jones Industrial Average, which returned only 24.9 per cent. It also beat the S&P SmallCap index (25.6 per cent), while the Russell 2000 index, which tracks small companies, returned only 22.2 per cent. The S&P was, therefore, the best benchmark to be in.

A further problem for the stock-pickers is that they picked the wrong stocks. The S&P actually rose by more last year than it did in 1996 but performance was far more divergent, particularly as the market hit severe turbulence from the Asian financial crisis after August.

Accepted wisdom at the start of the year had been that small companies and high-tech stocks would do well, and a lot of mutual fund money was invested there. But technology saw a dramatic sorting of the sheep from the goats.

Those who bought Dell Computer saw it treble. Those heavily committed to 3Com, Oracle and Apple Computer, all similarly powerful figures in the high-tech horizon, were hit by heavy price declines.

Many of these stocks traded at high multiples at the start of the year, which helps to explain the fundamentals noted by Lipper.

A further factor was that, in spite of received wisdom, index funds benefited from being fully invested as the market dipped late in the year.

Indeed, Lipper found that the tracker funds actually logged greater outperformance in the first and fourth quarters (both of which saw the index drop by about 10 per cent at one point) than in the second and third.

For the final quarter, index funds gained 2.72 per cent while the average general equity fund lost 1.54. Managed funds are inherently more volatile, and their cash cushion was generally less than 10 per cent – not much of a guard against sharp declines.

Then, there is the issue of cost. Index funds are cheaper to run as they do not require large amounts of extra research. Administration costs on the Vanguard fund came to about 0.2 per cent of the value of the portfolio last year.

Managed funds cannot possibly match this, and this is why the company predicts that it should always be able to beat 55 per cent of its rivals.

Vanguard is keen to point out that passive investment management involves more activity than its name implies. Juggling with cash inflows, adjusting when the index is changed, and deciding when it is best to match the index by using derivatives all make demands on fund managers' time.

Does this mean the death of the actively managed fund? Probably not. If the S&P's unimpressive performance of the past five months continues for much longer, investors are bound to look elsewhere in hope of a quick profit.

Then, too, a look at long-term figures shows that a few years of outperformance, left to compound for a few more years, can still yield dramatic results.

The best fund over the past 20 years is Fidelity Investments' Magellan. In 1977, it was managed by Peter Lynch, the role model for buccaneering stock-pickers everywhere.

Investors flocked to invest with him, making Magellan the most successful fund of the time. It is still the largest, with $63.03bn under management, compared with the Vanguard index fund's $48.26bn.

In retrospect, US small investors look eerily intelligent. Sticking with the Vanguard index fund for 20 years was not bad – the fund is up 1,940 per cent over that time. But the far more numerous throngs who poured their money into Lynch's Magellan, and left it there, are now sitting on a return of 8,246 per cent.

FT WEEKEND

True Fiction

The men with egg on their toes

When women rule, what will men do? **Christian Tyler** finds the answer in a Pacific paradise

On the South Pacific island of Aipotu, the battle of the sexes has been won. The countries of the west could learn a lot from its experience.

Rumours of a social paradise in which women's liberation has resulted in the complete overthrow of male power reached me last April: I was visiting the neighbouring island of Ipotua to study their strangely successful marriage rites. My curiosity was instantly aroused. But lack of time prevented my taking the short sea crossing. I resolved to return as soon as I could.

This week, the chance arrived. Interrupting a midwinter cruise through Micronesia, I found a packet boat going south. As before, I put up at the tin-roofed Shining Surf hotel (still the best lodging despite its total lack of bathrooms *en suite*) and rang up my friend Chief Henry Margana, registrar-general of Ipotua.

"Sure," he said, when I explained my mission. "I can fix you up. Trust Henry." Not only did the chief have cousins on Aipotu, but one was director of the island's Male Persons' Welfare Commission.

Within a few hours I found myself at the door of a smart two-storey building on the corner of the market square in Aipotu. Its name was freshly picked out in blue and white. A flag emblazoned with harpoon and machete fluttered from the roof. The square baked under the equatorial sun. It was thronged with shoppers, all men.

Chief Henry Garanam greeted me. Not only his name but the unctuous and avuncular manner reminded me of his Ipotuan cousin. I scarcely noticed, so anxious was I to test the truth of the rumours.

My quest seemed more than usually urgent. A few days before I had read in a newspaper that for the first time since the second world war, when millions of women were employed in the factories, there were more women at work in Britain than men. (It turned out this was a freak statistic, applicable to only one-quarter of 1996. But the trend was significant.) Then I heard on the BBC World Service that the British minister for schools was warning of a dangerous gender gap in the classroom. Girls were outperforming boys, whose dim job prospects had demotivated them.

What was to be done?

Chief Garanam puckered his lips, blew out his cheeks, and smiled. "You must learn from the penguin," he replied.

"The penguin?"

"While his wife is away for two months in winter searching for food," he continued, "the emperor penguin stands in the blizzard with the egg on his toes. All the chaps – many thousands – huddle together with eggs on their toes. While they wait, they live off their own fat, and are afraid of freezing."

"Your Excellency," I said. "Would you kindly explain what you mean?"

"Once upon a time," he replied, "our boys grew up learning how to fight and fish. Then fighting was finished, and fish fished out. Our girls discovered the baby pill; they discovered office work."

"They didn't work before?"

"Yes, but not men's work. They dug the plot in front of the shack. They carried water. They picked the stones out of the pasture."

"I see," I said. "So what do your men do now?"

The director rose from his rattan chair, took my arm and led me to the window. "Say what you see on the hillside, and I will tell you."

I saw nothing much, but rows of wooden boxes on legs.

"Chief," I said, irritated by his self-important evasions, "I don't think you understand our situation. We run a service economy and there isn't much manual work. Our army is very small, our fishing fleet even smaller. Women are moving into all professions: even the chairman of the Bar is a woman. They are entrepreneurs, chief executives, stockbrokers, priests, bus drivers. They write cowboy books under pseudonyms. They don't want husbands. They don't even need men, some of them."

"And for sure they won't accept a machete marriage," the chief interrupted, grinning.

"You mean shotgun wedding," I corrected him. "No. Besides, women are much better adapted to modern work, and employers love them because they accept low wages."

The director was fluttering a paper fan. "Now I will tell you," he said finally. "Those boxes on the hill are beehives. We have learned from the bees."

"And what did you learn?"

"That the man-bee does what he does best. The women work; he sits and reflects. Yes, my dear sir, we drones of Aipotu do what men do best. We paint and write and compose. We discuss. We are philosophers and chefs. In all of human history, how many women have done this vital work of society?"

A shout came from an inner office – a woman's throaty voice. "Henry! Get your ass in here, and double-quick!"

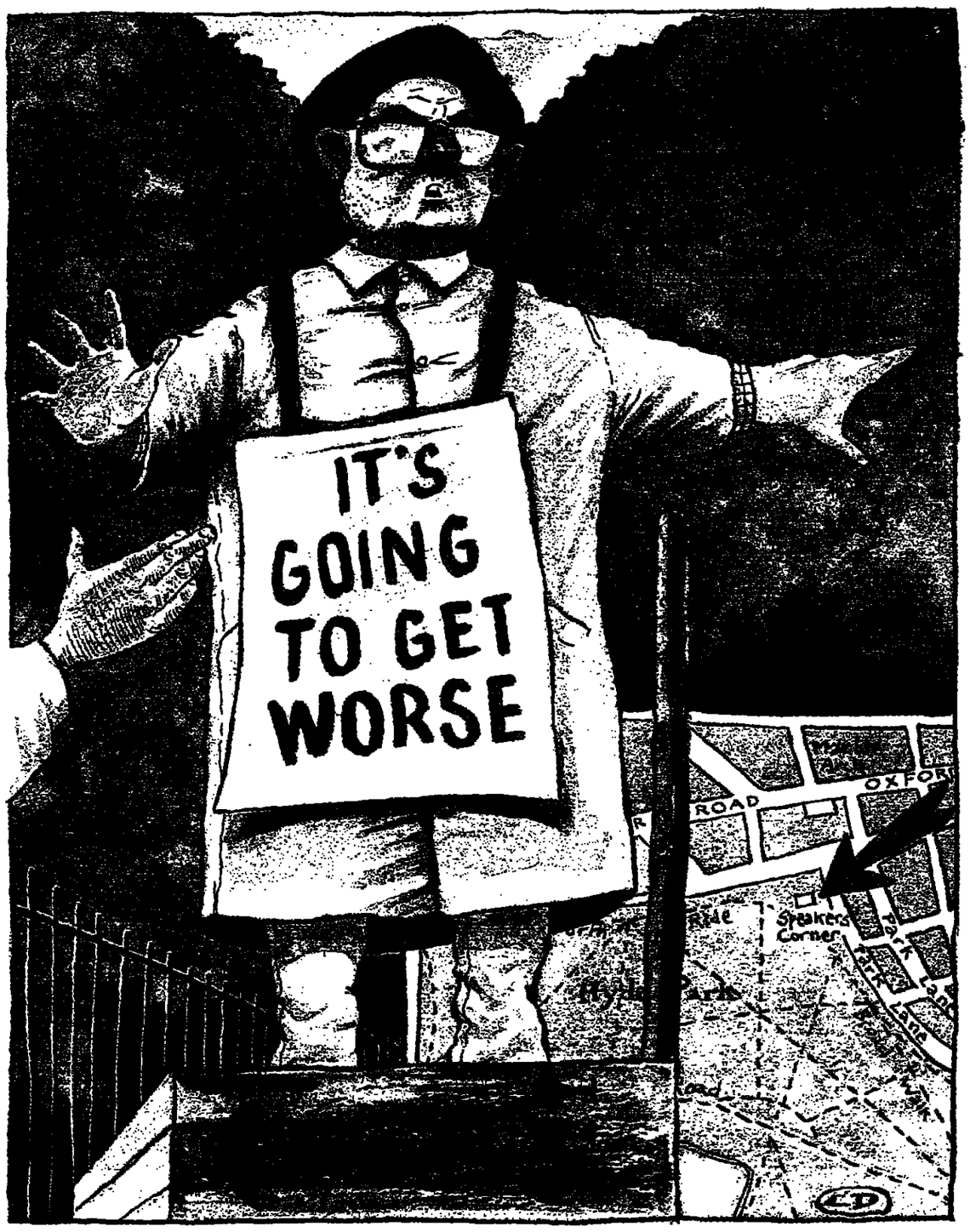
Hastily, I asked: "But what about you? You seem to have a conventional sort of job."

The director whispered: "Yes, indeed. I am a rare person in Aipotu." He leaned forward, tapped the side of his nose and winked: "Token male."

Metropolis

The lost voice of public speaking

Speakers' Corner is not the forum for eloquent debate it once was. **Michael Peel** listens in to past and present



Fenner Brockway, socialist and pacifist, once described Speakers' Corner, the triangle of asphalt in London's Hyde Park, as an "inbuilt cathedral of freedom, the Mecca of free speech, of eloquence for the expression of all views".

Speakers' Corner today offers a less fulfilling spiritual experience. It is dominated by preachers who harangue the crowds and insult each other. Most of the present generation of Hyde Park speakers shun reasoned argument in favour of hellfire rhetoric. They make no attempt to engage their mainly tourist audiences in debate; the Nation of Islam's representative even surrounds himself with unsmiling bodyguards who seem to look straight through the crowd.

It must be a perplexing and disappointing sight for visiting Chinese and Russians who were inspired at a distance by stories of Speakers' Corner as the symbol of free expression by ordinary people. They would find it hard to believe that the British government was once so concerned about the political activity in Hyde Park that it closed Speakers' Corner during the 1926 general strike.

Speakers' Corner had provided a line of communication between ordinary people with a point to make and their peers. It spawned imitations in countries where Hyde Park's history as a forum for dissent was admired.

In 1855, a 150,000-strong protest against Lord Grosvenor's Sunday trading bill ended in a riot, causing Karl Marx to note that the English revolution had begun in Hyde Park.

Eleven years later, railings were torn down along nearby Park Lane following an unauthorised meeting of the Reform League, which was campaigning for a site in London to be set aside for demonstrations and public speaking. The league continued to hold mass meetings by Marble Arch until Speakers' Corner was established there in 1872.

The corner attracted the attention of the powerful, and of those who wanted to seize power. Vladimir Lenin and his wife improved their English by listening to the orators. A few years after the Russian revolution, Stanley Baldwin, the UK prime minister, and Austen Chamberlain, the foreign secretary, were spotted at Marble Arch in the crowd surrounding Frank Ridley, the socialist historian.

The corner enjoyed its heyday in the years immediately before and after the second world war. Then, according to Ridley, "literally millions of people from all over the world first acquired basic ideas about politics, economics and religion from visits to Marble Arch".

The orators had to compete fiercely for people's attention. One man would hold forth from the top of a lamp-post. Another would skim his cap across the heads of his listeners if he thought attention was waning. Other speakers engaged the audience in rapid-fire questioning.

Lord Soper, the Methodist minister and socialist, was an acknowledged master of audience manipulation. Peter Dawkins, former president of the Association of Speakers' Clubs, which teaches public speaking, says: "There was an argument in the 1950s when they were going to allow Sunday opening of shops. Lord Soper started off saying: 'I don't believe.' Here was a preacher saying: 'I don't believe.' People stopped. Then five seconds later he said: 'In the Sunday opening of shops,' and he had got his audience."

Lord Soper also feasted on hecklers. Sharley McLean, who used to speak from the Hyde Park Gays and Sapphics platform, says: "Somebody might say: 'I have been to university and I have got an honours degree.' Soper would look at him and say: 'You have been educated beyond your capacity.' "

There are few signs of such wit and subtlety in Hyde Park today. The handful of speakers who address non-religious subjects generally lack charisma, and most of the heckling is crude. The days are long gone when the politically ambitious, such as Walter Padley, a minister in the 1964 Labour government, improved their oratory at Speakers' Corner. Padley's successors recognised they could reach a wider audience through broadcast media.

However, it is not as if Britons have suddenly lost the willingness or ability to speak in public.

Valerie Mitchell, director-general of the English Speaking Union, says most young people have an aptitude for public speaking, although those at state schools often have few opportunities to do so. Teaching of the written language takes priority.

The ESU runs programmes to offer the chance for children from a wide variety of backgrounds to learn how to express themselves better in public. "When you take public speaking to 14-year-olds, the techniques are grasped immediately," says Mitchell.

"There are people who can stand up and have charisma and draw a crowd. That's something that's almost beyond teaching." Mitchell adds that politicians are not a good advert for public speaking – she says their reliance on written scripts and Autocues makes their speeches passionless and unexciting.

The uniformity and staleness of politics as practised at Westminster have served to dull the enthusiasm of some potential speakers. "I think it was different in the 1930s and 1940s after the Great Depression," says Dawkins. During those turbulent times, people felt they had an opportunity to induce profound changes.

These days, people rarely use Speakers' Corner to raise issues which they feel are not addressed in parliament. They realise that speeches and mass meetings usually attract scant media coverage, so they hold direct action protests instead.

> The prime minister and foreign secretary were spotted in the crowd

This has allowed the media to dismiss Speakers' Corner as irrelevant. Some writers have argued that the corner is now a mere relic, because the freedoms it symbolises are well entrenched. The South China Morning Post recently concluded that Hong Kong did not need a Speakers' Corner, adding: "A free society should not need to designate a small corner for people to speak their minds because they should be free to do so anywhere."

Certainly there is little at Speakers' Corner today to inspire visitors. The preachers set up their platforms because it is one of the few public places in London where they can hope for a good audience. But most of the Sunday afternoon crowd come because they hope to see the Speakers' Corner of old; few people are interested in the many billboards which proclaim the shortcomings of humankind and the imminence of plague and damnation.

The place once renowned as a forum for the free exchange of diverse views is now dominated by speakers who deal only in absolute certainties, not in the arts of argument. As one Christian speaker put it: "It's His truth. Not your truth or my truth. My job is to tell you that truth."

Arcadia

My friend the ferret

The ferret has always had an image problem. **Christopher McCooey** meets its spin-doctors

"If I had not been honest and just opened a separate account in my own name for the ferrets, I doubt if they would have queried it." Mary Neale runs the Bedford Ferret Welfare Society and had been to the local branch of the Co-op Bank hoping to open an account on behalf of the society but was refused.

"The bank's view was that using ferrets to cull rabbits was cruel," she said. "However, it would accept the society's funds if we gave an undertaking that none of our ferrets would be used for rabbiting. This was something we couldn't do. A ferret is a ferret after all – whether a working one, or bred for show or as a pet."

The Bedford society is one of 14 groups, clubs or societies in the UK set up within the past 20 years specifically to encourage people to look after ferrets properly and, generally, do a PR job for the God-forsaken creatures.

With husband Mike, the Neales are doing their best to hype the ferret, and not just locally (at last count, they had 59 ferrets, many rescued animals housed in loose boxes). Mike is secretary of the National Ferret Welfare Society and Mary is membership secretary and publicity officer. The society has an information booklet for owners or would-be owners and sells ferret paraphernalia, including sweatshirts, T-shirts, badges and stickers: I LOVE FERRETS and I'D RATHER BE FERRETING.

"Our aim is to educate the young and not so young that ferrets, just like other animals, respond to kindness and will work their hearts out for a kind owner," said Mary. "We don't differentiate between ferrets – the society promotes the general well-being of the ferret."

To do this, the society and its regional groups take their ferrets to shows for the public to see them and ask questions. Ferret racing, using four tubes either 8, 16 or 20 metres long, has become popular. Mike, a research engineer by profession, has devised and built starting traps and a light at the end of the tube is triggered to declare the winner. In the past, there were disputes over whether a ferret had crossed the finishing line completely.

"Wherever money is involved there's trouble," says Mary. "The minimum bet is 20p, maximum is £1, and we raise funds by ferret racing. There have also been serious allegations, like some competitors heating the tubes to make their ferrets run faster.

"We're not saying that every home needs a ferret. In fact, we never sell ferrets at these shows. People do come up and ask: 'What is it? A hedgehog? A rat? Can I buy one?' Our view is that if they don't know what it is then they certainly shouldn't own one."

Ferrets are believed to have been introduced to England by the Romans, who worked them (the Romans are supposed to have got them from the Egyptians, who first domesticated them to keep rats and mice out of their homes).

If it wasn't the Romans who brought them to England, then it was probably the Normans – there is pictorial evidence in the British Library showing warreners working ferrets in the 14th century. Rabbits were an important source of food and warrens were managed to ensure a constant supply of meat.

> 'We're not saying that every home needs a ferret'

Ferrets belong to the Mustelidae family; the same as badger, otter, stoat, weasel, mink and, in North America, wolverine and skunk. The Roman ferrets were thought to be the albino variety (white with pink eyes), but there are also polecat varieties. These are not actual wild polecats, but have similar dark banding around the eyes and nose.

It is thought the Roman domesticated ferret must have been crossed with either the Siberian or the European polecat (Mustela Putorius). Today a ferret can be almost any shade or colour, ranging from albino through cream and ginger to polecat grey and black and there are an estimated 500,000 in the UK.

Many ferrets are kept for vermin control. Four rabbits eat about as much grass (not to mention young wheat/barley and sugar beet) as one sheep, so farmers like to keep the rabbit population down. Tom Sturgess, a retired British Rail senior service supervisor, keeps six working ferrets, is an adviser on the animal to the Game Conservancy and talks on the subject.

"People need to learn the true facts about ferrets from an early age," says Sturgess. "It's a misconception that ferrets are really smelly creatures that bite everything. Some owners are terrible, they break the ferrets' teeth, muzzle them and starve them before going out rabbiting. That's all wrong. Ferrets need attention – at least an hour a day."

Sturgess is also chairman of the Wessex Ferret Club, which has about 150 members. The club was founded 15 years ago and organises the annual World 16-metre Ferret Racing Championships for the Ferret Gold Cup. Over the past 18 months, the club's ferrets have raced their way to raising nearly £4,000 for the Wessex Children's Hospice.

In the winter, Sturgess works his ferrets two or three times a week. Ironically, he cannot use them to rabbit along the rail track embankments, a favourite home for rabbits. Since privatisation, the rabbits have been controlled by a team of two with a van, who use gas or cyanide in the burrows and are paid £280 a day. This method of control kills everything that is underground.

Using ferrets, rabbits are caught in purse nets placed over their holes and the ferreter quickly despatches the prey. With a clean kill, it is better for the pot than a rabbit that has been shot.

And finally ... it's not just the Co-op Bank that has a problem with ferrets. God, too, was underwhelmed by them. In Leviticus Chapter 11, he gives Moses and Aaron a detailed list of what is and not acceptable in the natural world. The poor old ferret was branded unclean along with, among others, the rabbit, weasel, mouse, tortoise, chameleon, lizard, snail and the mole.

Chess No 1213: 1 Nc3 Rc5 (Nbc3? 2 Rxd7+) 2 Ne4 Rb5 (trying to guard the a5 pawn) 3 Nxd6 Rc5 4 Kb7 Rb5 5 N7xb5 and White WIN.